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28 November 1984

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NORTH AFRICAN POLITICS ANALYZED

London AL-DUSTUR in Arabic No 342, 10 Oct 84 pp 12-13

/Article: "Visit of Father in Tunisia To Reassure Algerians"/

/Text/ The positions and concepts within the Political Bureau of the Algerian National Liberation Front have, for several weeks now, stopped being united or close to each other in the bureau's weekly meetings. There have been numerous viewpoints regarding its position toward African events. Observers have noticed a split in the Algerian leadership's position toward the Libyan-Moroccan union. Cherif Zeroual, the official spokesman of the Algerian Ministry of Foreign Affairs, has been content with a general comment on the French-Libyan agreement on Chad, asserting that this agreement represents an initial step toward achieving Africa's demands. At the same time, the Libyan news agency has accused Algeria, without mentioning its name, of seeking to obstruct the referendum in the Western Sahara and of wanting to possess and control the Western Sahara even though the Algerians have not expressed so far any clear and frank position on the Western Sahara developments since the Libyan-Moroccan union. Some Algerian officials compare with a degree of regret the agreement and consensus that were prevalent in the era of President Houari Boumediene with the disagreement over Algeria's present African policy. In fact, Algeria, like the other African countries, was caught by surprise by the recent developments, especially by the declaration of the union between the Kingdom of Morocco and the Libyan Jamahiriyah and by the French-Libyan agreement on simultaneous withdrawal from Chad. These are two events that have compelled the Algerian leadership to reconsider its Maghreb and African calculations and that have created abnormal volatility /harakiyah/ in the political climate of the Arab Maghreb.

If, insofar as Tunisia and Mauritania are concerned, the matter is confined to confronting this volatility with extreme caution and to focusing on the concord and fraternity treaty concluded with Algeria in 1983, the matter goes far beyond insofar as Algeria, Morocco and Libya are concerned. King Hassan II has indisputably achieved an important political objective, first, when he united his country with Libya on his own initiative, thus giving Colonel al-Qadhdhafi a new image within international relations and moving him away somewhat from his previous alliances. According to the circulated reports, Libya is in the process of reconsidering its relations with both Iran and Syria, with the African continent and, perhaps, with the Soviet Union. This is in addition to the sudden improvement in French-Libyan relations.

Second, King Hassan II has been able to make the French and Libyan withdrawal possible in accordance with a bilateral agreement meeting the demands of French President Francois Mitterand. Along with this external success, Hassan II has been able to establish new political balances inside the country and to open economic outlets to overcome the economic crisis by way of the union with Libya. He has also achieved another important step, namely that the OAU is no longer a podium of embarrassment insofar as the Western Sahara issue is concerned. On the one hand, the relative majority that had been supporting the POLISARIO has now been negated. On the other hand, Libya has pledged to withdraw the issue from the OAU and to present it to the Arab League. Within this framework, Morocco has achieved several political steps and openings in its favor. But on the other hand, Morocco has generated some sort of reservation, perhaps because these political steps have come in rapid succession, among its friends, led by Tunisia. This is why in the wake of the failure of the efforts of his emissaries whom he had sent to President Bourguiba, the king of Morocco, has decided to visit personally "his father," as he calls President Bourguiba, to discuss with him all these developments in the hope of alleviating Algeria's reactions to the Libyan-Moroccan union, to the French inclination to support this union and to the issue of Chad and of the OAU. It is expected that King Hassan II will make his visit to Tunisia at the beginning of the coming month of October. As for Algeria, which seems as if it is still under the impact of the surprise created by these events, it is seeking a new method and approach in its African policy and its Arab Maghreb policy. The features of this policy had begun to be clear now. They are features that disturb Morocco and Libya, that have motivated a Libyan commentator to say that Algeria seeks to control the Sahara and that have motivated King Hassan II to visit Tunisia to calm and reassure his Algerian neighbors. These features are embodied in the wave of Chadian emigration to Algeria since the start of last August when the Libyan-Moroccan union and the possibilities of a French-Libyan agreement on Chad were announced. So far, the leaders of the Chadian Democratic National Union, led by Facho Balaam; the forces of Mohamed Abba Sayyid, the forces of Moussa Medella; the FROLINAT Front, led by Hadjaro Senoussi; the Fundamental FROLINAT Front, led by Abdel Kader Yasin and the leader of one of the factions breaking away from Goukouni have arrived to stay in Algeria. As for Goukouni Weddeye himself, he arrived in Algeria on 8 September 1984 and held talks with the Algerian minister of foreign affairs. There is a big possibility that Goukouni will transfer his main headquarters to Algeria.

As for those who talk of Libyan backing for Goukouni and his supporters as evidenced of the fact that he stood next to Colonel al-Qadhdhafi on the platform during celebration of the 15th anniversary of the Libyan revolution, they have been surprised by statements made by a prominent Libyan official asserting that all this, as well as al-Qadhdhafi's menacing statements regarding France, come under the theatrics of preparing for the French-Libyan agreement for withdrawal from Chad. Thus, when Goukouni and his supporters, and Hissein Hibre's opponents generally, became aware of the Libyan position, they headed for Algeria which has opened its arms to them, unlike in the past when it refused to receive them at the time of its honeymoon with France.

The fact is that the Libyan and Moroccan circles particularly fear that the features of the new Algerian policy in Africa call for, as numerous signs

indicate, merging the POLISARIO with the forces opposed to Hissein Hibre. They even fear that this policy may go further, as evidenced by the appointment of Maj 'Ali Dawud, who was in command of the Algerian military division constituting a part of the African forces in Chad from 1981-82. On the one hand, Algeria may think of encouraging the POLISARIO Front to engage in more military operations and, on the other hand, may encourage the Chadians demanding Ouzou Province in northern Chad which has been under the control of the Libyan forces since 1973. The latest French-Libyan agreement stipulates that this province is indisputable Libyan territory. Should Algeria embark on such action, it will win over at the same time Hissein Hibre who harbors no love for the Libyans or for Goukouni, who has been also disappointed by Colonel al-Qadhdhafi. The Algerians are thinking of merging the POLISARIO Front and the Chadian forces that have sought refuge in Algeria to create a major center of polarization in Africa which will make them, as they have been, the constant decisionmakers in the OAU and which, consequently, will weaken the Moroccan-Libyan axis and will render it futile. This is also likely to make the western countries, especially France and the United States, who have wagered on this axis to tame al-Qadhdhafi lose their wager.

It is certain that the weak point and the big gap in King Hassan's initiative of union with Libya and in the Libyan-French agreement on Chad are the miscalculations of what Algeria may do. It has become evident now that Algeria--which has been seeking since Chadli Bendjedid's meeting with King Hassan II to reach a negotiated settlement with Morocco on the Western Sahara, to clear the atmosphere and to eliminate the tensions in the Arab Maghreb--has begun to retreat steadily from this policy, resuming the policy of inflexibility and of supporting the POLISARIO because the Algerians refuse to be disregarded and not consulted, even when such disregard does not harm their interests, on the area's political future and refuse not to have their words listened to. While adhering to the concord and fraternity treaty concluded among Tunisia, Algeria and Mauritania, they have actually put the two pans of the scale before Morocco and Libya: on the one hand, there is the concord and, on the other, there is inflexibility. In both cases, Algeria can weaken the role of the Moroccan-Libyan union by using both POLISARIO and the Chadians and by waving the concord and fraternity treaty. As it did a few days before the conclusion of the Libyan-French agreement, Algeria can back down on its promises to France and can reconsider the contacts concluded with it, as evidenced by the fact that it has compelled the French to reconsider the gas agreement concluded last year.

Moreover, Algeria can use the Palestinian and Arab cards, as it is doing at present, through mediations. All this gives Algeria in the search for balances in the Arab Maghreb numerous cards to use in the arena. But countering all this potential, there is the weak point that has begun to emerge now, namely the loss of consensus and agreement within the Algerian leadership over a harmonious African policy similar to the policy existing in the era of the former team of Houari Boumediene and Abdelaziz Bouteflika. To overcome this gap, the Algerians always turn to Tunisia to tip the scales within their ranks and to derive some sort of an internal balance.

As for Libya, its position is not really that different from the Algerian position, considering that Libya has found itself face to face with the events as

of the beginning of last May. Al-Qadhdhafi's leadership was shocked by that unexpected attack, doomed to failure from the outset, on al-'Aziziyah barracks. The internal complaints against the economic austerity got al-Qadhdhafi's attention and he began to realize that the expenditures and costs he was spending on Chad were futile, especially since disagreement and conflict had broken out in the ranks of his allies, led by Goukouni, and since the provisional Chadian Government had been dissolved.

Moreover, Colonel al-Qadhdhafi re-examined his policy and found out that he was defending losing causes, such as the issue of the splits within the PLO and the issue of supporting Iran, and neglecting at the same time extremely important and just causes, particularly at the Arab level. As a result, Libya was isolated at the Arab and international levels. This is why al-Qadhdhafi found in King Hassan II's proposal to form an Arab-African union between the Kingdom of Morocco and the Libyan Jamahiriyah an outlet for himself, even though this required big efforts on his part to convince public opinion of his unity with King Hassan II, and especially to convince his colleague 'Abd-al-Salam Jallud, who showed no enthusiasm for the idea.

Since the day Colonel al-Qadhdhafi agreed to the union with Morocco, he has stopped influencing events and has been merely shouldering their consequences. He is likely at present to establish with France relations of large-scale cooperation that are reminiscent of the early 1970's when he visited Paris. He is also likely to break his alliance with Syria and to back down on his support for the splits within the PLO. What is more important, he is trying to cut the threads that have tied him to Tehran. He is doing this not because King Hassan II has imposed these positions on him but because he wants to be in harmony with the logic of the new union into which he has entered with Morocco and because he wants to face the new conditions in North Africa.

The fact is that these changes in the alliances in the Arab Maghreb area, changes which have their impact at the Arab and African levels, do not seem to have created a situation capable of survival but are rather tantamount to a search for new balances in the area. It does not seem initially that the major motive for the search for these new balances is primarily an internal motive. This motive seems to be due to international arrangements for the political geography of the African continent--arrangements that will become clear in the coming period--because there are numerous parts in this continent which, like the Arab Maghreb, are likely to witness important political changes in light of the attempts being made in the Horn of Africa to put Sudan in the picture through a new regime which will be able to control conditions.

In any case, this search by the Arab Maghreb for new balances will continue while awaiting three important events which will determine the future of these balances. These three events are: first, the outcome of the U.S. elections; second, convocation of the Arab and OAU summits and, third, implementation of the Libyan-French agreement and of the Libyan-Moroccan union. All three events will come before the end of this year.

ARMENIAN AFFAIRS

BRIEFS

TURKEY PROTESTS TO IRAN--The Government of Iran has changed the names of the "Ataturk" and "Istanbul" avenues in the capital, Tehran. Although five years have passed since the Iranian revolution, the campaign to change the names of streets in Iran continues. In this connection, noting that recently the radio broadcasts from Tabriz and Tehran directed towards Turkey have increased in volume, the Turkish Government has sent a strong-worded memorandum to the Iranian Ministry of Foreign Affairs. In spite of strong reaction by Ankara, the Iranian broadcasts aimed at the Turkish regime continue. [Text] [Istanbul MARMARA in Armenian 12 Oct 84 p 1] 12364

CSO: 4605/22

ASSEMBLY MEMBER DISCUSSES HOUSING SHORTAGE

Cairo AL-AMAL in Arabic No 256, Sep 84 pp 28-31

[Article by 'Adil Himam: "AL-'AMAL Reveals Full Details on the Housing Problem in Egypt"]

[Text] It is a certainty that the effects and impacts of Egypt's housing problem on the individual and on society have reached a serious level. This fact is not subject to doubt or disagreement. Everyone agrees on the profound reality of the problem. Everyone also agrees that unless the state concentrates its efforts and moves quickly toward the adoption of earnest, effective, and substantial measures to solve the problem, the housing situation will develop from a serious problem into a real emergency. Such an emergency would multiply the pain and suffering now experienced by every member of the Egyptian working masses who is searching for a house or dwelling.

For the sake of these, for the sake of those who are tortured by the housing situation, and for the sake of those who are kept awake by the problem and are consumed by it night and day, the full facts of the housing problem will be revealed in these pages beginning with this issue.

We will give everyone who holds an opinion, regardless of his position or associations, an opportunity to express his view frankly and present his ideas and proposals for solving the problem. Without achieving their simple and legitimate dreams regarding stability and the composition of the family, we will hear from them about some of the instances of hardship and fraud they run up against in striving to attain the apartment or the promised dream. We will also go to the cemeteries not to visit the dead but to meet a strange community of individuals who use the tombs and their courtyards for shelter. We will also learn about another community of citizens who have been forced by the housing problem to crowd into tents because their houses were torn down and the state could provide only tents as a refuge.

As for skyscrapers and high-rises, we will ask those who know the answers the following questions:

Who owns these skyscrapers and high-rises?

Could our facilities, which are severely overburdened, stand the construction of these buildings?

And furthermore, to what extent have these new types of dwellings helped to solve the problem of the great majority of the Egyptian people?

We will also reveal all the secrets behind the excessive rise in the cost of land for construction and explain how land speculation has led to the appearance and growth of fat cats.

With regard to the construction union, we will ask more than one question about the terrible rise in construction workers' wages and the union's views on how to restore balance between supply and demand for this group of workers.

We will also consider at length the phenomenon of assignment of ownership [tamlik], which has become famous in our society and is the sole means of acquiring an apartment. We will ask where the ordinary Egyptian citizen, who still deals in Egyptian pounds and has not yet discovered the dollar and the dinar, can come up with 30,000 or 50,000 pounds of pay for an apartment under assignment of ownership.

Of course, we cannot close the investigation before touching on the housing problem and the fate of the percentage taken from the workers' profits to finance their own housing projects.

Finally, we will put the entire investigation with the facts, information, views, and proposals it contains before every concerned official to find out his clear and specific answer--within his area of responsibility--to one clear and specific question:

How and when will the ordinary Egyptian citizen be delivered from the pain and suffering of the housing crisis?

The Beginning: The People's Assembly

But where does this investigation begin?

In fact, we did not take long to answer this question. We felt it only natural that the first phases of the investigation should deal with the People's Assembly, and in particular with the man within the assembly responsible for housing. There are many reasons for this view, chief among them our concern that we find out at the start the man's perception of how bad the housing problem has become and his view of the real reasons for the problem. Even more important, however, is our desire to find out how the man intends to use his position and parliamentary powers to help solve the problem.

Moreover, what aspects does he believe should be given priority?

With the Chairman of the Housing Committee

I held an interview with Dr Milad Hanna, chairman of the Housing Committee in the People's Assembly. Following is the frank dialogue:

[Question] Let this interview begin with a question that concerns everyone, namely, the repercussions and effects of the housing crisis on low-income citizens, which is the group within Egyptian society that suffers most from the problem.

[Answer] First of all, we cannot talk about the housing problem or crisis without pointing to the great changes that have occurred in Egyptian society during the last few years. The wage structure and social and economic relationships have changed, and each of these has had an effect on the housing problem. In the past, Egyptian society was made up of several layers: a working class, a middle class, an upper middle class, and a wealthy class. However, the structure and framework of society have changed completely. Many citizens have become economic liberals and have amassed huge fortunes. On the other hand, the positions of some workers and salaried employees, who were traditionally members of the middle class, have changed and they have joined the ranks of low-income citizens. Egypt is now divided into two countries. The Egypt of economic liberalization is composed of the wealthy and a segment of the citizens and workers who have been lucky enough to get jobs in activities related to economic liberalization and receive wages that are extremely high in relation to the wages of the rest of the workers in government and the public sector. This phenomenon is a natural outgrowth of the economic open-door policy and it is this phenomenon that has created the consumer society which is destroying the economy of Egypt.

On the opposite side is another Egypt: The Egypt of the farmers, the Egypt of the small landowner, the government employee, and the public sector worker. This is an Egypt that is working and toiling in production for wages that have increased little since the pre-liberalization era.

This contradiction has been reflected in the housing problem. The productive, working, low-income Egypt suffers greatly due to the housing problem. However, the other segment has not been affected by the housing problem. Amid these contradictions, the question is, How do we begin?

In my view, we must adopt urgent measures aimed at easing the problem and reducing its severity. After that we should begin implementing a fundamental solution. I am now studying several bills which provide a general framework to ease the severity of the problem. Foremost among these bills is one that would create a new system for achieving an equitable distribution of new housing constructed by the government, the public sector, and the governorates. This would ensure that we are meeting the needs of the classes that are hurt most by the problem."

People's Housing--Where Is It?

[Question] Before we talk about equitable distribution, the most important problem is the lack of housing units constructed by the government and the governorates. The number of such units is extremely limited and will solve only a very small part of the problem. The solution is to expand the construction of people's housing based on the successful experiment conducted by the state in this field in the 1960's. What is your view on this?

[Answer] The head of the Housing Committee of the People's Assembly replied:

In order to answer this question, we must first become familiar with the beginning of the housing problem in Egypt. On this point I can say with complete frankness that Egyptian society was balanced with respect to the housing problem prior to 1974. The proof of this lies in the fact that there was no one in Egypt who wanted an apartment and could not find one. While the citizen did have to spend considerable time and effort to obtain an apartment, he could eventually obtain one. Therefore, supply and demand were balanced. In addition, there was balance between income and rent, because the policy of assignment of ownership was not as widespread as it is now. However, this balance was destroyed by a series of violent shocks, particularly the tremendous rise in the cost of construction land. Where the price of a square meter of land in the popular neighborhoods had ranged from 2 to 3 pounds, it rose to between 100 and 200 pounds. The price of a square meter of land in the other areas rose to between 1,000 and 1,500 pounds. The rise in the price of construction and speculation in land were also major reasons for the emergence of the group of "fat cats." The prices of building materials also rose at an incredible rate. The price of a ton of cement rose from 5 pounds to 75 pounds. In addition, the wages of construction workers rose sharply.

To put it very briefly, we are now facing new conditions and balances. The important question is, how can we restore these balances to their previous states?

In my opinion, the only way to restore balance in the housing problem is by government subsidy, because this is what achieves social justice. If the state bears the cost of subsidies for food, the subsidization of housing is no less important. The basis for this subsidization is the principle of popular housing through the imposition of taxes on the segments of society that live in luxury housing, because these classes are obligated to help achieve social peace."

Worker's Housing, Also

[Question] What is your opinion regarding the problem of worker's housing?

[Answer] Dr Milad Hanna, chairman of the Housing Committee of the People's Assembly, replied:

With regard to this problem, there are several basic trends by which the industrial companies can solve the housing problem for their workers, particularly since we have expertise and experience obtained from many Egyptian organizations and companies. These include, for example, the Egypt Textiles Company in al-Hallah al-Kubra, the Kafr al-Dawar Company, the Kima Company, and in part the iron and steel company in al-Tabayyun. Examples also include the companies of the Electricity Organization, which have established residential settlements for the workers at their power stations. And here I must point to the large receipts collected in the services fund through the 15-percent deduction taken from the workers' profits. Let us put the past behind us and start from the present by channeling part of the revenues in this fund into the construction of housing for workers. This will tend to achieve stability for the workers and will have a positive impact on production.

I have before me now a clear model recently put into effect by the Cairo Electricity Distribution Company. The company was faced with the problem of its workers leaving the area and seeking jobs outside the company. By constructing housing for its workers, the company succeeded in bringing new stability to its workforce. It is no secret that the government is now under strong pressure from the trade unions to establish housing groups for their members. The time has come for the worker's unions to begin establishing housing projects for their members."

The 5-Year Plan and Housing

[Question] Can we consider, based on your opinion, that the provisions in the current 5-year Plan regarding the housing problem are a real beginning toward a solution of the problem?

[Answer] To reply to this question, we must look back a little to see how the state endeavored to solve the problem. In the era of President Jamal 'Abd-al-Nasir, the average rate of construction of dwelling units was 30,000 per year in the slowest year and 52,000 per year in the best year. This occurred at a time when the High Dam was being constructed and housing was being built for the Nubians after their forced emigration. This is in contrast to the emergency housing project carried out in 1965, which called for the construction of 5,000 housing units when the state perceived an increase in the severity of the crisis. At that time, an apartment cost 400 pounds and a square meter of land cost 8 pounds.

At the present time, based on statistics announced recently by the Ministry of Housing, the average rate of production of housing in both the public and private sector in the period from 1980 to 1983

was 156,000 housing units per year. The ministry is surprised--and rightfully so--that the current rate of production of housing has increased by 400 percent over the rate from 1960 to 1980, and yet no one denies that the housing crisis is being felt more and more. Why is this?

Because the problem is no longer one of housing production but has become a problem that is extremely important to the first problem, namely, housing for whom?

The second problem is how to channel this housing production to those in society who need it most.

The serious phenomenon which I have pointed to a number of times is as follows. In 1973, the slogan was put forward, 'Give the private sector freedom of action in the construction of housing because it is this sector which venerates the "apartment for rent" sign.' Ten years later, the private sector has had its full opportunity without a rival. The contractors' sector had been restricted to the public sector, the private sector had been prohibited from obtaining contractors for more than 100,000 pounds, but after the abolition of these forms of relief and the granting of complete freedom to the private sector without any restrictions, the private sector contractors have become the richest group in Egyptian society.

And so where have we ended up after 10 years?

We have an extraordinary situation found nowhere else in the world: huge numbers of housing units without residents--not just in Cairo or Alexandria but in all the capitals of the governorates--because they are extremely luxurious units up for sale, with the price of an apartment running as high as 100,000 pounds. On the other hand, there are huge numbers of citizens without homes. Therefore, the Ministry of Housing must expand the construction of popular housing projects, economy housing and ordinary housing. And then we must bring incomes into balance with rents.

For this reason, I am calling on all the public sector companies that have housing projects, as well as all the governorates and government organizations that own housing, to adopt an immediate decision to stop the system of assignment of ownership and supply all their housing for rental. This will help solve the problem. The huge numbers of housing units supplied for ownership by the private sector should be sufficient. The supply of such housing now exceeds the demand, for which there is no better indication than the flood of advertisements for such units that confront us in the papers each day.

The New Cities and a Sound Evaluation

[Question] We turn now to the matter of the new cities. To what extent do you think they can help solve the housing crisis?

[Answer] The chairman of the Housing Committee of the People's Assembly replied:

The fact is that the issue of the new cities is a highly sensitive issue. We must distinguish here between two types of new cities.

The first type consists of the new suburbs considered an extension of an existing cultural entity, such as the city of al-Salam and the city of 15 Mayu. In my opinion, these are not integrated cities and they will not solve the problem. On the contrary, they will add huge burdens to the existing old cities.

The second type of new city includes such cities as 10 Ramadan and the al-Sadat City. These are a different matter that requires an objective reevaluation that addresses the following questions:

--How much have we spent for them thus far?

--What is their future?

--What is their expected rate of growth?

--How much of the expected increase in population will they accomodate?

Without such an evaluation, we cannot judge the degree of success of these cities. However, I will say in general that new cities established in the desert are most suited to the rich petroleum states such as Saudi Arabia, because they will not be affected if 1 or 2 cities out of 10 established fail and they have spent, say, a billion pounds on them. However, the poor states, which include us, must carefully study every investment and every sum it spends on the establishment of new cities in the desert. Therefore, I call for a reevaluation of these cities based on their economic benefits.

"It is true that I share the strategic view that says that we will not be able to live only in the narrow valley by the beginning of the next century because of the huge expected increase in population. However, I have a different theory I call the "buffer cities." It is evident that the internal migration within Egypt is always toward Cairo and Alexandria so that we have no middle-sized cities. While Cairo and Alexandria are giant cities, the remainder of the governorate capitals--with the exception of al-Mansurah, Tanta, and Asyut--are little more than large villages. Therefore, we can expand in cities such as al-Zagazig and Kafr al-Shaykh, which will become centers of attraction or buffers for a migration movement toward the sea. This will ease the pressure on the city of Alexandria. On the other hand, we can expand in cities such as Qina and Bani Suwayf and make them buffers for a migration toward Upper Egypt to ease pressure on Cairo.

Issues With Priority

[Question] Now, with the interview drawing to a close, we are interested in learning from you what the priorities and the issues that most concern you now are, especially with the People's Assembly resuming its sessions beginning today?

[Answer] There are several aspects of housing that concern me now in the People's Assembly.

With regard to the housing problem, the main problem is the dangerous phenomenon that has emerged in the last 10 years which we call "ugly housing." It is tin housing, cardboard housing, tent housing, and cemetery housing. This is an extremely dangerous phenomenon, and if we do not give it the necessary attention, it will be transformed into an established sickness in the body of society which will affect security and social peace in Egypt.

In addition to that, I am now working hard to prepare bills aimed at fighting three serious phenomena in the field of housing. These are as follows:

Closed housing; multiple housing, which is the possession of more than one dwelling by a citizen; and dwellings whose construction the owners do not intend to complete. These phenomena cannot be allowed to continue when citizens are suffering from the housing crisis."

Luxury Housing and the Financing of Popular Housing

[Question] What about luxury housing? Is there a move to put a stop to this kind of housing which does not solve the problem of the broad segment of society.

[Answer] In fact, I was one of those who supported stopping luxury housing. But now that this kind of housing exceeds the demand, if it were stopped it would become a scarce commodity and would therefore increase in price. In this way we would give the owners of such housing—who are open-door profiteers—the opportunity to increase their wealth more and more. A better approach is to impose taxes on luxury housing to finance the popular housing projects that the great majority of citizens need.

Through this frank interview with the chairman of the Housing Committee of the People's Assembly, we have begun the first installment in an investigation of the housing problem in Egypt. We will return in the next issue, God willing, to present the rest of the investigation.

DIVERSE OPPOSITION PAPERS CRITICIZE GOVERNMENT SUBSIDY POLICY

Inequities of Tax Treatment

Cairo AL-AHALI in Arabic 26 Sep 84 p 6

[Article by Jawdah 'Abd-al-Khaliq]

[Text] Last week the government presented the draft general government budget for the fiscal year 1984-85 to the People's Assembly for discussion and approval. In submitting the draft, the minister of finance pointed out that it coincided with the third year of the economic and social development plan 1982-83 through 1986-87 and coincided with the application of an integrated group of financial, monetary, and credit policies which were aimed at developing voluntary savings, restricting the expansion of money, guiding credit facilities, developing government revenues and guiding public spending.

The Budget and the Masses' Living Standard

The budget is one of the most important political documents, because that determines the government's and consequently the society's options for the period of a year in the economic, social and cultural spheres. It is on that that the trends in the masses' standard of living depend and it is from that that the importance of discussing the draft general budget of the government has arisen, so that one can ascertain what we are burdening the various social forces in Egypt with. Since the country for some time has been passing through difficult economic circumstances and conditions which require decisive, rapid reform, the question which arises is, is the proposed budget addressing itself to the question of economic reform seriously? Who are defraying the cost of this reform: the rich people or the poor? All these questions are essential and an answer must be given to them so that the broad outlines and precise details of the draft budget can be known.

The Broad Outlines of the Budget

Total disbursements in the draft budget come to 18,277,300,000 pounds. Of this, 18 percent will be devoted to wages, 44.1 percent to current expenses and 26.6 percent to investments. The rest, which is 11.3 percent, will be for commitments and transfers (the payment of debts). On the other hand,

total revenues come to 12,788,200,000 pounds, of which sovereign revenues will constitute 59.4 percent, current revenues 30.2 percent, revenues for financing investments 6.6 percent and revenues for financing transfers 3.8 percent. Thus the total deficit in the budget comes to 5.4 billion pounds, 24.8 percent of which will be financed by foreign credit facilities, 3.4 percent by foreign loans, 42.7 percent by local means of savings and 6.9 percent by local savings. After all this indebtedness locally and abroad, the net deficit remains at 22.2 percent, and this will be financed by inflationary means, that is, by printing currency.

An analysis of draft budget figures reveals the following trends:

More Price Increases

Total budget revenues will increase at a greater rate than total expenditures (14.8 percent as compared with 12.6 percent, relative to last year). This may on the surface seem to be a positive trend in the direction of realizing fiscal health and reducing the overall budget deficit, but this factor is deprived of its validity since the rapid increase in total revenues will arise from a rapid increase in the growth of current revenues (26.8 percent) while the rate of growth of sovereign revenues will be much less than that (just 10.7 percent). The figures included in the statistical statement (page 28) show that revenues from services will rise by 32.5 percent and that total diverse revenues and levies will increase by 210.6 percent (from 154.8 million pounds in 1983-4 to 480.8 million pounds in 1984-85).

Here we might pause to take stock. These rapid increases in revenues and levies must mean that the intention is to raise the prices of some services which the administrative system of the government performs. Since the government has a monopoly on these basic services, raising levies on them at that rate should be considered in effect the imposition of new taxes without laws, which will harm the condition of the groups benefiting from these services, who are usually the poor. This is above and beyond the fact that this sort of severe rise will add new fuel to the fire of inflation.

We Are Living at the Expense of Others Today

Current expenditures will grow at a much faster rate than investments (15.7 percent, compared with 10.6 percent). This is a basic weak point, in spite of all the talk about the pressure on current spending and the guidance of spending. Concern for developing the productive base of the domestic economy requires that the section on investments increase at a rate faster than the other sections on expenditures, especially since the prime minister and minister of finance have emphasized the importance of developing the commodity production sectors (agriculture and industry) but the allocations allotted in the budget presented for 1984-85 will not achieve this goal. This means that job opportunities for our young people will not increase to an extent adequate to absorb the numbers of people entering the job market during the year.

The rate of growth of sovereign revenues is not in keeping with the anticipated growth in current expenses. While the latter are increasing at a rate

of 15.7 percent, we find the former increasing at a rate of just 10.7 percent. This means increasing the inclination to finance current expenditures through loans or current revenues. We have stated that incomes from levies on diverse services will increase by 210.6 percent, and financing from means of savings will increase by 29.1 percent. This all means a rise in prices (because of the egregious rise in levies on services, as stated) and an increase in the burden on debt services, whose interest and instalments absorb 1,467,300,000 pounds of the budget revenues (18.2 percent, as stated). This is additional proof that the draft of the new budget is far removed from considerations of fiscal health: it is not proper to finance current spending through borrowing; the appropriate means are taxes.

Increasing Reliance on Indebtedness

Though total revenues have been rising at a rate faster than expenditures, the overall deficit increased from 5,012,400,000 pounds in 1983-84 to 5.4 million pounds in 1984-85, and although a drop in the net deficit from 1.3 to 1.2 million pounds is included in the draft budget, the structure of financing indicates a rise in the rate of foreign credit facilities from 23.9 to 24.8 percent of total sources of financing and at the same time a drop in the ratio of development loans and local bonds from 10.0 to just 6.1 percent. How can we believe the government's repeated statements on working to increase self-reliance? We warn that the Egyptian economy has started to move again toward the trap of short-term foreign debts (credit facilities and suppliers' facilities) which it suffered from severely 10 years ago.

Subsidy allocations constituted the fastest-growing section on current expenditures, since the draft budget estimates that they will increase by 22.1 percent over last year and will rise from 1,686,400,000 to 2,058,400,000 pounds. The government might try to use an increase in subsidy allocations to push through a number of measures which we have referred to, such as egregiously raising the levies on a number of services. The reason for the increase might be the rise in the prices of subsidy commodity imports. The increase might be because of the increase in subsidies to rich people through loans for self-sufficiency in food with a preferential rate of interest (cheap loans), subsidies on oil-cakes and fodder and so forth. We do not know precisely the reason for the increase in allocations to subsidies, but we doubt greatly that the goal is to provide prosperity for the poor. The financial statement made baseless accusations against the subsidies (page 18), [stating that] they are responsible for inflation, the poor distribution of resources and the black market. In our estimation, the government, whose policies are slanted toward the parasites and the rich, is responsible for the severe disruption in income distribution and consequently the urgent need for subsidies, and it is responsible for financing subsidies through the printing of currency rather than real revenues, which are taxes on the affluent. The financial statement itself said that there is an increase of 208 million pounds in local interest, 5 million pounds of which are cover for the interest due the Central Bank for bonds issued against the public treasury to finance the deficit in the General Supply Commodities Authority! What subsidies are these which are financed by inflation?

The Government Is Partial to Tax Evaders and Big Taxpayers

At a time when current expenses are increasing by 15.7 percent, as we have stated, taxes on incomes are increasing by only 8.2 percent; this slow growth in tax collection is not in keeping with the rapid increase in economic activities and the incomes of the affluent, be they persons or companies. On the other hand, there has been a tremendous leap, at a rate of 159.1 percent, in the subsection titled diverse sovereign taxes and incomes, whose receipts, the draft estimates, have jumped from 196.5 million pounds in 1983-84 to 509.1 million pounds in 1984-85. Why this slow growth in income tax receipts, and why the aversion to prosecuting tax evaders? The Egyptian citizen's anger and rage increase when he realizes that the government is protecting tax evaders; while the minister of finance states that there will be no infringement on the tax exemptions stipulated to encourage investment, the draft budget at the same time includes the imposition of new taxes on people who are not affluent under the rubric of other sovereign taxes and revenues.

Opportunities for customs exemptions have expanded to the point where the value of imports cleared exceeded 40 percent of the total value of imports; while it had been hoped that the issuance of Law 91 for 1983 organizing customs exemptions would have led to the guidance of these exemptions, that remains a mere hope. Hundreds of millions of pounds which could have been spent financing subsidies or increasing investments in the place of recourse to indebtedness or the printing of banknotes are being lost to the treasury annually. In addition, these exemptions deprive domestic industry of the protection it requires. The odd thing is that the minister of finance loudly complains about the increase in opportunities for customs exemptions!

This has been a rapid review of the most important elements in the draft budget for the fiscal year 1984-85 and an analysis of the most important trends it reveals. One can say most objectively, on the basis of the figures included in the statement by the minister of finance, that the budget will not realize the hopes the toiling masses in Egypt are pinning on it. Without a doubt, it is a budget which favors the rich at the expense of the poor. Although the minister of finance has asserted that the draft is founded on four principles, the guidance of public spending, the development of government revenues in conformity with economic activity, the attainment of social justice and the advancement of development, and it is clear through the categorical proof that we have presented that the budget is aimed at increasing government revenues by squeezing the non-affluent to the core and does not provide an adequate rate of growth for social investments, it most certainly does include the tendency to impose new taxes or increase the levies it collects on the services the government offers and consequently it is an addition to the flame of inflation. As regards the guidance of spending, the budget presented lacks any specific statement except in controlling public spending by 10 percent. Does this mean reducing the volume and type of basic services for the citizens, pressure on spending for the central security forces in order to support democracy and maintain freedoms, or what?

While no one disputes the general principles the minister of finance has mentioned, the ordinary citizen has yet to be persuaded that specific

measures are actually being applied in his interest, on grounds that he is the person ultimately concerned with the problem. We believe that economic good health is necessary for any progress in the context of the national cause, the democratic cause and the provision of the strength to make the attainment of social justice a success.

On this basis, we observe the drop in the rate of expansion in local liquidity and the reduction in the net deficit of the general budget with satisfaction, but the major issues remain hanging and lacking in a decisive solution: the issue of subsidies, the issue of the transfer of public spending, the issue of exemptions for affluent persons under various categories, the issue of indebtedness and the issue of inflation. We do not believe that the draft budget is moving seriously in the direction of solving any of these. For example, the position of the draft on subsidies inspires doubts, or frustration, or both together, and when the complaints that it is necessary to have what is called the guidance of subsidies in the case of people who are not affluent (in the form of their receipt of necessary consumer goods) are repeated, the emphasis on concern for the benefits stipulated for the affluent under various categories is repeated, as if the latter are subsidies and the former are not!

Let us conclude by directing a number of important questions to the minister of finance, proceeding from the rights of the toiling masses to know, so that they can participate in decisionmaking, what the taxes and sovereign revenues that will rise at the abovementioned frightening rate are, to whom they will be subjected, what their rates will be, what the national interest is in granting tax exemptions to banks which are destroying the economy by dealing in hard currency in the black market, in whose interests the failure to prosecute tax evaders is, and whether current spending will be guided by reducing allocations to the central security forces or by reducing allocations to education, health, culture and communications.

Bread and freedom are indeed [not] separate, and the intelligent person must realize, before it is too late, that further freedom means the permission to move forward to more bread for all. Infringing on the poor people's bread in the context of the present poor distribution of incomes, it is feared, will impose an exorbitant cost on everyone, as the events of January 1977 testify.

Wafdist View of Budget

Cairo AL-WAFD in Arabic 20 Sep 84 p 5

[Text] The minister of finance was extremely explicit in his presentation of the draft general budget for the coming year. Dr Salah Hamid admitted that foreign debts now total 13 billion pounds, that the interest on foreign and domestic debts comes to 1,466,000,000 pounds, that is, 19 percent of the government's sovereign revenues, that the allocations allotted to subsidies came to 2,258,000,000 as compared with 1,686,000,000 last year, and that these subsidies swallow up 27 percent of the total sovereign revenues.

While sovereign revenues came to 7,647,000,000, the overall deficit in the budget came to 5.4 billion pounds, that is, an increase over last year's deficit.

While some aspects of the budget are encouraging, there are aspects which require a review, including, for example, the continued constant deficit in budget revenues in spite of the increase in the volume of the investments made in it. In addition, it is not acceptable that some public sector units should be managed in a non-economic fashion. What happens is in fact the opposite; in spite of an increase in what is spent on a sector such as railways, for instance, this sector still continues to realize a deficit, not to speak of the continued deterioration of the level of services in it.

What we are publishing today is just a reading of Egypt's budget for the new year. What does this reading say?

The first thing to note concerning the new budget is the increase in sovereign revenues this year over last year. Total revenues during the new year will come to 7,646,000,000 pounds as compared with 6,915,000,000, for an increase of 10.6 percent; that is, these revenues will increase by 731 million pounds.

Taxes and customs levies will realize the highest figure among these revenues, since the income from them will total 2.4 billion pounds, an increase of 4.3 percent over last year, followed by taxes on the profits of finance companies, 2,022,500,000 pounds, an increase of 2.3 percent, then taxes on consumption, 1.6 million pounds, an increase of 14.2 percent. Receipts of taxes on bequests will be 12 million, an increase of 2 percent over last year.

While the government's share of the surplus and profits from public sector companies and authorities and the Central Bank will come to 938 million pounds, an increase of 702 million over last year, this sector would have been able to yield a greater surplus if the management of this sector had improved and had been subject to a real guidance process.

Among the good positive features of the new general budget has been the high rate of increase in savings. These will come to 2,304,000,000 as compared with 1,785,000,000 last year. This figure represents savings and social insurance funds, 1 billion, insurance funds and pensions, 847 million, and investment certificates, 340 million.

While these facilities will have realized a great increase, postal savings funds will be the only ones to realize a tangible drop from the figures for last year, while investment certificates will have realized a great increase, jumping from 265 million last year to 340 million this year.

The new budget includes the issuance of local bonds to finance the investment plan, totalling 328 million pounds, in addition to receipts of 5 percent from government bonds, totalling 44 million pounds, so that total savings facilities will come to 2,677,000,000 pounds.

The Terrible Deficit in the Budget of the Governorates

Since the local government and governorate budget accounts for a great deficit, what is desired is to guide spending on agencies of local administration.

At a time when the total revenues of the governorates, sovereign and administrative, come to 426 million pounds, we find that the volume of spending on the same sectors comes to 1,888,000,000 pounds, that is, that the local government budget is faced with a deficit of 1,462,000,000 pounds. This deficit will increase by 248 million this year over last year's deficit.

These agencies' revenues come to 32.9 million from the tax on agricultural holdings, 13 million from the tax on buildings and 6 million on the tax from night clubs. The automobile tax comes to 51 million pounds.

That is, at a time when local government disbursements are increasing, the volume of the deficit in revenues is also increasing, turning the rule upside down.

In addition, the increase in the budget of service authorities will rise to 640 million pounds as compared with 488 million last year. Total current expenditures for these authorities will come to 791 million, while total revenues will come to just 133 million, that is, a deficit of 640 million!

Customs Exemptions Threaten the Government's Revenues

One observation that deserves attention, which the minister of finance acknowledged in his statement, is the increase in customs exemptions year by year. These exemptions, for instance, were about 808 million in 1980 and rose to 2,923,000,000 in 1982. No one knows how much they came to last year nor how much they will come to this year.

These customs exemptions represent a serious blow to government revenues, indeed a blow to domestic industries.

While total imports in 1982 were 7,221,000,000 pounds, the government received customs duties on only 2,361,000,000 pounds, that is, 22.7 percent, while the value of imports which were cleared under the temporary clearance system came to 1,937,000,000, or 26.8 percent, and the value of imports exempted in accordance with laws and decrees came to about 2,923,000,000 pounds, or 40.5 percent.

Customs duties are among the most important facilities supplying the government with revenues, and therefore it is not reasonable that we should deprive the government of the bulk of these revenues under any designation, even exemptions.

The strange thing is that the government is continuing to issue laws decreeing exceptional exemptions from taxes and customs duties; the only meaning of this is that damage will continue to be done to the government's receipts from such taxes!

Moreover, the minister of finance did not tell us what will be the volume of the taxes or customs collected from the investment companies, now that the reason for these companies' exemption has lapsed.

While the rate of customs receipts relative to past years, or the targeted amount, will drop, the same thing could be said about the Tax Department. The amount which it had been intended to collect through the increase was 500 million pounds, but receipts will come to no more than just 100 million pounds.

Why Is the Deficit in These Authorities Increasing?

The strange thing is that there are authorities which will realize a deficit this year. While these authorities offer services to the citizens, their system of management realizes a great deficit. This deficit will come to 246,400,000 pounds as compared with 181,400,000 last year.

The Railway Authority heads the list of authorities whose deficit is increasing annually; its deficit this year will come to 201.9 million as compared with 153.2 last year.

Then there is the Postal Authority, where the deficit will increase from 9.3 to 12.8 million.

The Radio and Television Authority, from 15.9 to 16 million.

Even the deficit of the Alexandria Water Authority will increased to double its deficit last year this year.

The strangest thing is that the Fish Resources Development Authority will realize a deficit greater than 6 million pounds.

We wonder here why these authorities are realizing a deficit of this magnitude while their investments are increasing annually. The new budget contains allocations of 246 million pounds to finance these authorities' deficits.

Dr Salah Hamid, the minister of finance, admitted in his statement that this manner of increase in the deficit is a phenomenon which calls for concern on the part of the people in charge of managing these authorities, so that it will at least be possible to stabilize the deficit at a sum equal to the difference between economic operating costs and the prices the government sets for the products these authorities produce or the services they offer.

These authorities impose another burden on the budget, represented by the allocation of 549 million to finance capital transfers to these authorities. As the minister said, the government has borne tremendous burdens vis-a-vis these authorities and has invested enormous sums in them, but the problem is that these authorities are not managed by optimum economic operating methods, and therefore, as the minister said, the government must carry out accurate operating economics studies in a manner which will guarantee that a suitable return is realized on the money invested in them.

Citizens could have forgiven the deficit or loss these authorities realized had they offered excellent service. However, in spite of the increase in investments and the money spent on these authorities, the level of service

is constantly declining, while the financial deficit these utilities or authorities are realizing is increasing.

Encouraging Signs in Successful Authorities

While there are dark pictures in the case of some authorities, which realize a constant deficit, some authorities are still offering much to Egypt, with continuing success.

Among these authorities, for example, is the Petroleum Authority, whose budget realizes a surplus which goes to the government; the authority will realize a surplus of 1,229,500,000 as compared with 1,016,000,000 last year.

In spite of the decline in the surplus of the Suez Canal Authority budget, the authority will provide the general budget with a surplus of 285.8 million pounds.

In addition, the main bank for development and agricultural credit will realize a surplus of 47.7 million.

The drop in the surplus of the Alexandria Port Authority by about 10 million and the drop in the surplus of the Port Said Port Authority by about half are noteworthy.

While these authorities project a surplus in their budgets, it is to be noticed that this surplus is constantly declining, which raises the threat that some of them will be transformed into authorities realizing a deficit in the budget in place of the surplus they realize.

In fact, this tendency has actually occurred in the authority of the Greater Cairo Water Utility, which realized a surplus of 4.4 million pounds last year, though it will not realize one this year.

These are some authorities which offer signs of hope. There are some which offer signs of concern.

While the total surplus which the authorities will realize comes to 1,625,000,000, the Petroleum Authority alone will realize about 75 percent of this surplus.

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CSO: 4504/21

NEW POLITICAL PARTIES BEING CONSIDERED

Cairo AL-AKHBAR in Arabic 6 Sep 84 p 4

[Article by Lutfi 'Abd-al-Latif: "Six New Parties Under Formation; Existing Parties Did Not Embrace All Currents in Egypt; Exclusion of Independent Candidacies Behind New Parties Formation"]

[Text] Five political parties under formation have drawn up their programs and are awaiting notification by the Parties Affairs Committee [in the People's Assembly]. There is also the Nasirist Party that has turned to the courts after being turned down by the Parties Committee.

Here, an important question presents itself: what is the meaning of having six new political parties under formation?

It is certain that the existing parties have not embraced all political currents within Egyptian society, thus compelling these currents to unite in their demand for the establishment of new parties to represent them.

Furthermore, the exclusion of independents from running for the People's Assembly elections compelled them to look for parties that are compatible with their political positions. Some have joined the existing parties, but others are seeking to form new ones. Add to that the splits within some existing parties that have prompted some party leaders to leave their original parties with a view to establishing new ones.

In this report we will try to give the reader some basic features of these new parties' plans, programs and individual vision of Egypt's social and political reality.

There are four parties that have announced their programs and have set up constituent bodies, permanent headquarters and organizations.

They are: the Wafdist Vanguard Party [Hizb al-Tali'ah al-Wafdiyyah], the Egyptian People's Party [Hizb al-Sha'b al-Masri], the Wafdists' Party [Hizb al-Wafdiyyin] and the Future Party [Hizb al-Mustaqbal].

The Wafdist Vanguard Party is one of those that were announced prior to the enactment of the 1977 parties law. According to party representative Dr 'Abd-al-Muhsin Hammudah, as a political party "we have a real presence in the political arena and we participated in the Committee for the Defense of Human Rights [CDHR]. We are a party that has its educated and aware masses. We are concerned with the quality, not the quantity of members."

Dr Hammudah adds: "The Wafdist Vanguard Party has a political program that has been notarized by the land-registry office ever since 1977. However, we have not yet approached the Parties Affairs Committee, as other parties have done, because we do not acknowledge this license which political parties must obtain because political parties are set up by and from the people and are in no need of a license from the parties formation committee to come into being. The Wafdist Vanguard party is a party of litigation because it initiates legal action and when it wins the case, it carries it out. It is the first party to hold a political and popular convention at 'Abdin Square. We believe that our rights must be wrested through the law and through judgments handed down by the courts."

Dr 'Abd-al-Muhsin Hammudah says that the Wafdist Vanguard's rise in May, 1977 as a political party, prior to the enactment of the parties law in July, 1977, did not spring from a vacuum, but rather was a confirmation of its previous actual presence and its continuous uninterrupted expansion in the forties, and that it attained its purpose and actual progress following its proclamation as a party.

The Wafdist Vanguard has announced its political program that includes radical reforms for all problems plaguing the Egyptian people. It emphasizes laws pertaining to free education, labor unions, social security and the importance of the public sector which, its problems notwithstanding, represents minimum guarantees for the sufficiency level for limited income people. The Wafdist Vanguard has also a permanent and established headquarters, a constituent committee and a newspaper that presents its viewpoints.

The Conservative Wafdist Party is a new party under formation. Right after the strong disagreement between the old Wafdists and the leader of the New Wafd Party over some problems facing the Wafd, things escalated to the point of freezing the membership of some old Wafdist leaders while others announced their resignation.

It was on the ruins of this disagreement that some of the old Wafdist leaders began thinking of establishing a new party, the Conservative Wafdist Party and a constituent committee was in fact formed to draw up the party's program. The committee was chaired by Kamal Khalil al-Muhami who was considered Fu'ad Siraj-al-Din's closest confidant and who participated in all the New Wafd Party's organizational, administrative and legal procedures until the party won the court decision allowing

its existence. The constituent committee of the Conservative Wafdists Party has completed its work of drawing up the party's political program. The next few days will witness broad steps by the party toward its proclamation, the consolidation of its program and the acquisition of a license from the parties committee.

Conservative Wafdists party representative Kamal Khalil al-Muhami says that the party is based on the principles of national unity, democracy, social justice and human rights and dignity and that the old conservatives' party will only allow in its ranks people who want to give and to sacrifice for political action.

The party will announce its program in the next few days since it is in the process of conducting the final review of some of its texts. As for the notification of the Parties Affairs Committee, it will be done in the second half of October so that it may be considered under normal circumstances following vacation time. During this period, the Parties Committee can meet without difficulty because the law says that if the Parties Affairs Committee fails to notify the founders' representative within 3 months from the date and notification is submitted of its approval to found the party, it means that the request is turned down. In other words, the Parties Affairs Committee must notify the founder representative of the approval to found the party within 3 months of filing the notification.

Kamal Khalil says that the names of the party's founders have been prepared in lists and the party now has an executive committee which is undertaking a series of measures and studies pertaining to the list of names submitted to the party as possible party founders. The committee is trying to pick the most qualified and the cream of the crop. As for the quality of these personalities, there is a large number of university professors, lawyers and former justices and some notable labor leaders and youth leaders as well.

The Egyptian People

The Egyptian People's Party is also a party under formation. It has a political program that was notarized by the land registry commission in Imbaba under No 4237, dated 26/9/83 and No 4331, dated 2/10/1983.

The new thing about the Egyptian People's Party is that its leader, Muhammad Muhammad al-Rashid, authorized agent of the party's constituent body and former controller general of 'Ayn Shams University, had not been politically active in any other political party. Rather, he played a social role in that he was the originator of the medical and social insurance system for employees and the founder of the hospital association and employees medical care in 1964. He was also the first one to call for the creation of professional union hospitals in 1974, an idea embraced by some unions such as the agronomists and the engineers syndicates, and the founder of the 1954 mining project for exploiting Egyptian mineral resources by Egyptian capital.

Muhammad Rashid says the reason for forming the Egyptian People's Party is attributed to the circumstances that led to the assassination of President Anwar al-Sadat and the emergency resolutions prior to that that brought things to a head. Then, President Husni Mubarak assumed power, but some events were exploited to escalate the situation once again. Therefore, it was imperative to call for the creation of the Egyptian People's Party to be a counterbalance among all political fronts, to end the violent destructive struggles that lead to the fragmentation of unity and to support all lawful political forces.

The Egyptian People's Party philosophy of rule is democratic cooperative socialism. Hence, the party introduced a new philosophy, the philosophy of cooperativism. The word cooperativism means that we seek to build the state between the people and the ruling power materially and intellectually in all projects.

The party's ideology: belief in God and freedom of life.

Its symbol: socialism, cooperativism and democracy.

The Egyptian People's Party's goals: the preservation of the republican system and constitutional legitimacy and protection of social peace and political stability and safeguarding of the sovereignty of the law, people's safety and sovereignty, the socialist gains, freedoms and democracy with all its concepts.

Through its program, the party aims to alleviate people's suffering, to achieve national unity, to affect partisan conciliation between political parties and to foster peace and love among them.

The party's motto: God, Man and Country.

Its appeal: Egyptians all over the world, unite for the sake of bringing back the country's splendor!

The Future Party

In the wake of its strong disagreement with the New Wafd Party leaders, Dr Faraj Fudah, along with numerous young political leaders, decided to form a new party calling for the nation to belong to the people as a way for the people to belong to the country, for secularism, for true democracy within the party itself and for special attention to youth.

Dr Faraj Fudah, representative of the Future Party founders, says: "We are a party whose stock in the political street is represented in a generation that has not yet said its piece in a majority that has not yet given its vote to anyone and in a future that has not yet been outlined by anyone. Our party did not break away from another party. Rather, it is a completely new party that does not deal with the realities of political life through past experience, but represents an

entirely new party unencumbered by the carelessness of a part experience, but burdens its mind with the endeavor to discover future horizons through a hard and very bitter reality."

About the steps to form the party, Dr Faraj Fudah says: "The party program and by-laws have been drawn up. Also, powers of attorney for the founders have been drawn from the land registry office in more than enough number. The interior minister has been notified of the headquarters and procedures and has been notified of a request to hold a convention on 15 September to present the party's program to the founders and the people. In a few days, we will submit the application to the Parties Committee."

Dr Faraj Fudah, Future Party representative, says: "The party must turn into a thought that leads instead of a leader that thinks. Therefore, the Future Party embraces democracy within the party itself after experience has shown that all Egyptian parties without exception lack democracy within their party structure. Therefore, the Future Party's by-laws prohibit the party chief from holding the top position for more than 2 consecutive years, thus eliminating the party leader's dictatorship whereby the leadership role at the highest party level is limited to leading the debate and not restricting it and to affording the chance to present points of view and not stifle them."

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EFFORTS TO INCREASE OIL PRODUCTION NOTED

London AL-TADAMUN in Arabic No 75, 15 Sep 84 p 63

[Article by 'Abd-al-Qadir Shuhayb: "Efforts To Revitalize Oil Sector and Step Up Drilling; Production Increased by 10 Percent as Exports Decline by 146 Million Egyptian Pounds"]

[Text] Since the worldwide reduction in the price of oil 2 years ago, Egypt has been forced to increase the amount of its exports lest the value of these exports be seriously affected, especially as these exports are considered a primary source of the foreign currency upon which the Egyptian treasury depends. That required an increase in the annual production of Egyptian oil by an average of around 10 percent. It also demanded the implementation of an extensive program of increased oil exploration activity on Egyptian soil so that Egyptian petroleum reserves would not be depleted due to the substantial annual increase in production and so the level of Egyptian petroleum reserves might be preserved. The implementation of this extensive program of petroleum exploration in Egypt has resulted in several important oil and gas discoveries over the past year. There were 17 strikes, among which were 8 oil discoveries in the Gulf of Suez and 4 oil and 3 gas discoveries in the Western Desert, which increases the possibilities for gas and oil finds in that region of the country.

Likewise, gas was discovered in the northern delta and in the northern Sinai, which also provides encouraging signs for the possibilities in this region, where exploration and discovery operations began after the liberation of the Sinai.

However, observers have noticed some recession in oil exploration efforts last year (1983) from the previous year. In 1982 the number of deposits being tapped amounted to around 76 wells. This number has been reduced to 66. Likewise, the number of feet drilled in 1982 reached 768,800 feet. This figure dropped in 1983 to 588,200 feet.

Officials from the Egyptian oil sector, however, believe that this decline that hit the exploration effort is a temporary one, especially after the Egyptian government concluded a large number of agreements with several international petroleum companies to search for oil on Egyptian soil. The number of agreements concluded and signed last year is considered comparable

to that of previous years since Egypt has relied on attracting the participation of international companies in petroleum exploration operations through a system of dividing the yield with the companies.

The year 1983 witnessed the final signing of 13 petroleum agreements with 5 foreign companies. These agreements cover an area of 21,600 sq km of Egyptian territory in which the companies will undertake explorations for petroleum or natural gas. The five companies will adhere to an agreement to spend \$192 million in exploration operations, in addition to \$15 million more as a signing fee which will not be refunded to the companies.

There are also 17 other agreements, for some of which special laws were passed, and a time was fixed for their final signing. For some, measures are being taken to put them into law.

Thus the total number of oil agreements concluded since 1973, when the system of splitting production with the companies exploring for oil was put into effect, until the end of last year numbered around 89 agreements covering an area of 713 sq km [as published]. The foreign companies are committed by virtue of these agreements to spend \$1.8 billion in oil exploration on Egyptian soil. Likewise, the companies' non-refundable fees will amount to \$170 million.

As a result of these extensive efforts in the sphere of oil exploration in Egypt an approximately 5-fold increase of crude oil production was made possible during the last 10 years wherein the production jumped from 7.5 million tons in 1974 to around 36 million tons in 1983.

The total production of crude oil and natural gas during 1983 reached about 38.8 million tons with an increase of about 10 percent over the previous year. The Egyptian government aims to raise this figure to 50 million tons by the end of the 5-year economic development plan, i.e., by the middle of 1987.

Reports of the General Organization for Petroleum point out that the Gulf of Suez zone still--in spite of the exploration effort that was made in the other areas of Egypt--is considered the principle source of Egypt's production of crude oil, as it represents around three fourths of all Egyptian oil production.

There are some criticisms being directed against the Egyptian petroleum policy from some Egyptian experts and economists. These criticisms have concentrated on the fact that this large increase, which now amounts to around 10 percent annually, threatens the quick depletion of Egypt's petroleum reserves. That is, it will sacrifice the future of the next generations for the sake of the current generation. Therefore, these experts are demanding the rationalization of oil production in order to protect Egypt's oil reserves.

However, officials from the petroleum sector in Egypt say that they are taking that into consideration in their oil policy and that the yearly

increase in Egyptian oil production does not exceed the amount of oil annually discovered, and that is what allows Egypt to maintain the level of its reserves, in spite of the increase in production.

Despite that, these experts warn against continuing the large increase in oil production, in order to increase Egyptian petroleum reserves and they recommend directing efforts toward developing alternate sources of foreign currency in Egypt.

Egypt has designated a large proportion of its petroleum for local consumption. The amount of petroleum products consumed domestically reached 18.5 million tons in 1983, as opposed to 16.5 million tons in 1982, an increase of 11.9 percent. That rate exceeds the increase in production, a matter which threatens to reduce the amount of Egyptian exports.

The value of Egyptian petroleum exports amounts to approximately 2.096 billion pounds last year as opposed to 2.242 billion pounds in 1982, a decrease of 146 million pounds.

Italy is considered the primary importer of Egyptian oil. The value of its imports of Egyptian oil was around 358 million pounds last year. Second is Israel, which imported oil from Egypt worth 288 million pounds.

9614

CSO: 4504/2

NEW STRATEGY FOR PRODUCTION OF INTERMEDIATE GOODS OUTLINED

Cairo AL-AHRAM in Arabic 21 Aug 84 p 9

[Article by Sharif al-'Abd: "How Much Do Intermediate Goods Imports Cost Egyptian Industry? New Strategy for Local Production of Intermediate Goods Required"]

[Text] The value of the manufacturing sector's intermediate goods imports has increased beyond 2.6 billion Egyptian pounds, so that this number swallows up any achievable revenue increase from exporting finished products. Is it possible to say that Egyptian industry is incapable of managing the intermediate goods it needs? This forces it to import this continually growing quantity, in spite of the rise in world prices and the decrease in the foreign value of the Egyptian pound which has occurred and which has not resulted in any reduction in the price of these imports. With the situation continuing as it is, can we expect industry, under this circumstance of being bled by intermediate goods imports, to take an active role in supporting the national economy, even if we suppose that an increase in exports can be achieved to some extent. Is it possible to direct industry's strategy toward production of intermediate goods, so as to alter in fact the current import structure. Local intermediate goods would take the place of the imports, so as to avoid, in the end, the situation the factories are in now, being threatened with stoppage if there is a delay in arrival of the goods they need, in addition to their continuous depletion of national income because of foreign currency.

Faruq Jiranah, head of the Industry Committee in the People's Assembly, says that industry's plan must take a direction that ensures local production of intermediate goods and as much of a limit on importation as possible, because there is no dispute that intermediate goods imports have grown remarkably and must be countered. It is unreasonable for us to work for increased production in order to increase exports and to concentrate on export industries, and then waste export revenue on importing these quantities of intermediate goods. We can imagine that if we were not importing these goods in the current amount, it would be possible to say that Egyptian industry was participating with the desired positivism in supporting the national economy, especially with the present programs aimed at export increases for a number of goods.

Thus, the situation requires that we reach a clear limitation on intermediate goods imported from abroad when there is a possibility of producing them locally. It requires abundant investment, technology and technical expertise. It may be impossible to provide this with our own capabilities, at least at the present time. Therefore, production of goods like these is possible through partnership with foreign companies that have expertise in this field available to them.

The situation requires that, in the manufacturing plan, allowance be made for earmarking the appropriate amount of investment for intermediate goods, in view of their importance in feeding the other industries. It is also necessary to define clearly the required specifications for these goods; the Uniform Standards Organization must play its role fully in this regard, so that the specifications conform to international specifications. The remedy is not merely in local production and provision of intermediate goods, but also in furnishing them with the required characteristics that the producer actually needs. This requires direct and continuous contact between the producers and users of intermediate goods.

I maintain that Egyptian industry is capable of providing intermediate goods in a manner that would free us from importing a large part of the imports. This requires that the state direct the necessary attention to this area and provide it all the means necessary. Providing investments for intermediate goods cannot be of lesser importance than the investments required for any other goods.

Engineer 'Abd-al-Wahhab al-Habbak, president of Phillips Company, asserts that current intermediate goods imports may be acceptable to a certain extent if an increase in the volume of end products intended for export resulted from importing them and export revenue continuously covered the price of the imports. However, the truth is that our intermediate goods imports are used to produce end products intended primarily for local consumption. It is clear that there are continuous increases in consumption volume, the source of which is the compulsory prices which have not budged for many years.

Therefore, limitation of intermediate goods imports is not attainable just by producing them locally, because at the beginning of the experiment it is difficult for us to do without all of the imports and to replace them with local goods. Rather, we need a total review of the compulsory prices in effect so that we actually get to the point of rationalizing consumption, consequently limiting our need of the intermediate goods necessary for production by specific amounts. Even if we do not limit these imports, when consumption is rationalized we will ensure that part of the imports will produce a tangible increase in export revenue.

The fear is not of the volume of intermediate goods imports as much as it is of the fact that all of the imports result in production of quantities devoured completely by consumption. Our persistence in compulsory prices will result in continuation of the status quo.

We state that intermediate goods constantly require a rising level of technology that is continuously developing. We need to adjust this development in order to make it possible to produce them locally. The part that can be produced locally will be done by the private sector, since the public sector is now restricted by the 5-year plan it is obliged to carry out and by the investment spending in the plan. Thus, the private sector must be given the opportunity in this area; close cooperation must be created between it and the public sector as the sector using these goods so that they are produced with the required specifications.

By way of example, the Coldaire Company was producing a piston as an intermediate good for the IDEAL Company. It did not have the required characteristics, so the company rejected it. This resulted in completely halting the piston production line. Therefore, the situation requires full coordination, and a formula for cooperation in this regard must be created. For example, car factories in Japan give training courses and technical assistance to producers of intermediate goods for their cars. This guarantees that the intermediate goods that they actually need are provided. This is one of the main factors that has led to the successes of Japanese space industry.

This has actually started in the local, wide-scale production of certain intermediate goods on the part of the participating companies: A new company is established to produce television screens with a million screen capability; this, consequently, saves much of the price of the intermediate goods imported to produce the television as an end product. By widening the establishment of such participating companies to produce intermediate goods and making room for the private sector, gradually we can reach the stage of doing without many of the imports; intermediate goods will be imported only to a limited extent.

9605

CSO: 4504/425

COTTON EXPORTS REMAIN AT CRISIS LOW

Cairo ROSE AL-YUSUF in Arabic No 820, 1 Oct 84 pp 40-42

/Article by Yusuf Hanna: "The Struggle for Cotton Between Industry and Export"/

/Text/ The cotton crop for the new 1984/85 season is again facing the same problems and drawbacks which faced the 1983/84 crop to the extent that the six cotton exporting companies were unable to meet the purchase demands which they received from free currency customers. For this reason, the entire cotton crop was sold in a few days in December 1983.

Demand Greater Than Supply

Dealers in Egyptian cotton estimated in mid-1983 that the 1983/84 crop would not satisfy overseas import demands. That is why prior to the posting of sale prices in November 1983, export companies received offers to buy more than 504,000 bales or 3.291 million kantars in free currencies. The meagerness of the crop and the scantiness of the quantity allocated for export however, permitted free currency sales for no more than 329,788 bales or 2.154 million kantars in the first contracting week. This was increased by about 40,665 bales or 265,542 kantars in the 2d week in spite of an increase in posted sale prices of 5 cents to the pound or approximately \$26 per kantar for all types and grades.

Thus 370,453 bales or 2.421 million kantars of cotton were sold in 10 days, after which exporting companies were unable to meet the demands of overseas importers.

Rationing Sales

Some cotton experts maintain that the shortage of export cotton has deprived exporting companies of the opportunity to sell more than half the quantity which was in fact sold. For this reason, the crop was disposed of in a few days, after which the companies failed to contract for more sales. Moreover the government representative at the Exporters' Union who approves sale contracts resorted to approving these orders on an allocation basis, as a result of an overflow in orders. Thus the nation lost tens of millions of dollars for lack of cotton allocated for export.

To Import Or Not

Here a debate has erupted between two sides, one of which is calling for Egypt to export the greatest possible quantity of its superior long fiber cottons and import short fiber cottons for local looms. It would thus profit from the difference in price between the two types. This is estimated to be in the vicinity of \$45 million or approximately 230,000 bales or around 1.5 million kantars of cotton.

The other side, however, is wary of importing short fiber cottons for fear of introducing pests, and because they would require different scutching wheels from the ones available to scutching companies, which would necessitate the purchase of scutching wheels for millions of dollars. They then wonder if we would import short fiber cottons required for local mills from the southern /Nile/ valley in implementation of the integration policy, despite their viscosity which will leave traces during operations, or would we import from other countries like the United States or South America or from some of the African or Asian states?

The Import Experiment

The first group retorts that the viscosity problem has been solved with the aid of chemical compounds by West Germany, and they are known to all. Thus it became possible to avoid imperfections in textile yarn. We can therefore follow the example of German factories and treat viscosity in the same manner so that a quantity of long cottons remains available to us, which, instead of being exported, is now being consumed by local mills to produce thick yarn and popular fabrics, especially as we have previously imported in the 1977/78 season approximately 50,000 bales or nearly 325,000 kantars of Sudanese cottons (Akala), as distinct from the 60,000 bales of American cottons (California).

An Increase in Output, a Necessity

Professor Muhammad Farghali, the Egyptian cotton expert, and a member of the first group, has for years been urging that Egypt must increase cotton acreage until the yield will be in excess of 10 million kantars, and must allocate most of it for export. There should be no objection to importing a portion of the requirements for short cottons for local mills, instead of consuming long fiber or superior long fiber cotton to produce yarn that can be obtained from imported short cottons.

Problems of Agriculture

But the problems facing cotton farming stand in the way of following the advice of the cotton expert and his followers, as cotton acreage is decreasing by the year. Exactly 10 years ago, Egypt planted more than 1.6 million acres of cotton in the 1973/74 season. The following season it fell to 1.45 million feddans and reached approximately 1.188 million feddans in the 1978/79 season, falling back to less than 1 million feddans in the past years. Several considerations are involved here, the most important being that the allocated cotton acreage is in fact not planted in full. The farmer prefers to pay a nonplanting fine,

which he makes up by planting his land with fruit, vegetables and medicinal herbs or other types of farming. That is because the return on these crops is higher than that for cotton. Add to that the fact that the farmer who plants his land with cotton, with the cost of pickers on the rise, picks his second harvest and uses it in lieu of firewood. Some estimate this in the vicinity of half a million kantars. Furthermore an equal quantity of blossoming cotton is secretly scutched and finds its way to merchants to be sold for upholstering at an approximate price of 125 pounds per kantars.

Those who keep track of cotton consider that were it possible to include this million kantars in the cotton crop, it would then become possible to export it overseas, accruing a large return in free currencies and doing away with imports.

An Experiment Which was not Repeated

They also highly praise the experiment which Egypt started in the 1980/81 season by planting 2,236 acres of reclaimed desert land with short fiber American cottons, and which produced, as they say, 34,345 kantars with an average of 15.36 kantars per acre. They ask why the experiment ceased after 1 year when it would require several farming cycles to acclimate the Egyptian farmer, especially on new lands. Others, however, consider that the experiment did not produce more than 6.5 kantars per acre as an average, not to mention that expansion in planting those cottons would require iron scutching wheels unavailable in Egypt.

Decrease in Exports

World cotton exports had met in the beginning of the eighties with intense competition from artificial fibers. Egyptian exports, which exceeded 929,000 bales for the 1970/71 season, had fallen to 800,000 bales in the 1973/74 season and slumped to 637,366 bales or 4.143 million kantars 10 years ago in spite of the fact that competition had abated, and factories and spinning mills once again increased the percentage of cotton in their products. Egyptian exports, however, continued to decrease, year in and year out until they reached approximately 625,000 bales in the 1982/83 season, 488,000 of which were in free currencies, and 137,000 bales for the states with whom there are agreement including, for the first time in 8 years, 77,600 bales for Russia. For the 1983-84 season they decreased to 463,526 bales or 3.013 kantars in free currencies and 58,003 bales or 377,000 kantars for the agreement states, bearing in mind that it would have been possible for this quantity to reach 750,000 bales or 4.9 million kantars had export cottons been available.

The Share of Spinning Mills Increases

The greater the fall in the quantities of exported cottons, the more the allocations for local spinning mills. They jumped from 3.823 million kantars in the 1970/71 season to approximately 4.3 million in the 1973/74 season and then to 6.5 million kantars in the 1981/82 season. From that season on, the local spinning mills' share did not fall back appreciably despite the ongoing fall in the size of the crop, which in turn lowers the quantity set aside for export.

What of the New Crop?

The Ministry of Agriculture has estimated planted acreage for the 1983/84 season to be 1 million feddans, with an average of 8 kantars per feddan, but the actual planted acreage had fallen to 998,277 feddans which produced 7.88 million kantars with an average of 7.897 kantars per acre. To this is added the 800,000 kantars remaining from the 1982/83 season. Only 521,716 bales or 3.4 million kantars have been contracted for export for lack export cottons. As far as the 1984/85 season is concerned, the exporting companies estimate the acreage planted with cotton to be no more than 992,500 feddans with an average of 8 kantars per feddan, which means that the crop will be in the vicinity of 7.94 million kantars without any leftovers from the previous season. It is expected, however, that acreage will fall to 900,000 feddans only, which means that the crop will not exceed 7.2 million kantars, calculated on the basis of the same average. Of this, local spinning mills would require no less than 6.5 million kantars, leaving less than 1.5 million kantars, or its equivalent of 230,000 bales for export, if we assume that the whole quantity will be fit for export.

If local mill consumption were to be reduced to 6 million kantars, what remains for export will only reach 1.9 million kantars or 292,000 bales. This quantity is approximately 229,000 bales or 1.5 million kantars short of what was exported in the 1983/84 season, especially as the new season begins without any leftovers from the previous one. The cotton crop therefore is faced with the same problems, that is to say that it will not cover orders for purchases.

Export Prices

Prices for export cottons were posted 28 November 1983, having increased by approximately 27 percent over those for the 1982/83 season. It is being reported in cotton circles that sale prices for the new season will be posted at the end of October 1984 after board chairmen for the exporting companies return from their tour of Europe, Asia and America to acquaint themselves with the needs of their import clients, and with the trends of the world cotton market. They will then discuss the results of their travels with the General Organization for Cotton in order to fix export prices for the new season.

12775

CSO: 4504/26

BRIEFS

CAIRO-BONN TRADE AGREEMENT--Dr Kamal al-Janzuri, minister of planning and International Cooperation, arrives today after his talks in West Germany aimed at establishing cooperation between Egypt and West Germany and with the purpose of increasing cooperation between the two countries in the areas of funding numerous industrial and agricultural projects, food supply, electricity, transportation, communications, housing, construction, finance, trade, etc. Egypt has several economic agreements with West Germany under which it obtained 3 billion German marks to finance investment projects and to import goods. These loans are being paid over 50 years, 10 years of which are granted at 3/4 percent interest. West Germany has given Egypt technical assistance in the form of a grant so far totaling about 300 million marks, in addition to credit insurance by the German Hermes Organization. An agreement was also signed to promote and protect investments in order to facilitate an influx of German inventories. The joint statement for 1984 included the fact that the German party would study the possibility of increasing technical assistance in proportion to the size of the loans. Dr al-Janzuri, minister of planning and international cooperation, has discussed the feasibility of increasing the amount of German assistance to Egypt in order to make it possible to finance the plan's requirements. [Text] [Cairo AL-AHRAM in Arabic 20 Aug 84 p 9] 9605

CSO: 4504/425

FINANCE MINISTER REVIEWS DETAILS OF NEW BUDGET

Khartoum AL-AYYAM in Arabic 26, 28 Aug 84

[26 Aug 84 pp 6-7]

[Article: "Minister of Finance and Economic Planning Presented New Budget Statement to People's Assembly Yesterday]

[Text] AL-AYYAM publishes below the text of the address delivered yesterday by Ibrahim Mun'im Mansur, the minister of finance and economic planning, to the People's Assembly on the general budget and the development budget for the year 1405 of the Hegira.

In the name of God, the merciful and the compassionate,

Esteemed speaker of the People's Assembly, gentlemen members,

Peace and God's mercy and blessings be upon you,

While our country strives to strengthen the mainstays of the Islamic revolution, while it celebrates the passage of an eventful year on the declaration of the religious awakening during the last Muharram and while it awaits the imminent arrival of the great al-Adha holiday, it pleases me to present to your esteemed assembly, in accordance with constitutional provisions, the draft budget for 1405 of the Hegira. We have prepared this budget, striving for good in the hereafter and in this life and taking refuge under the banner of "there is no god but God in a society seeking God's guidance." We have also been guided by the comprehensive political program for implementing God's Shari'a to achieve the objectives of the economic concentration and by the financial reform program on which we have agreed, seeking the Sudanese citizen's good in order to entrench all the benevolent values tended by the heavens, contained in the constitution and adopted by the law.

Mr Speaker, this is the first budget drawn up within the framework of the Islamic course, seeking guidance from the laws issued to ban alcohol, to purify financial transactions, and to increase wealth and enhance agriculture and livestock. It is the first budget to justify itself while losing ample resources at a time when it is the direst need for

resources to flow into God's vast coffers in the alms and tax office. It is a budget that has incorporated the phase's changes toward Islamic transformation and all the economic and financial policies that have accompanied this transformation and all the consequences emanating from it.

This budget is a fundamental mainstay in the procession and march on the path of God's Shari'a. It does not claim infallibility because change in all its forms has its principles and because progress in its various degrees has its rules. As long as we have turned toward the Ka'bah sincerely, we have been promised acceptance [in heaven], and who fulfills his pledge better than God!

Since the Greater Islamic State in the era of Khalifah al-Mahdi and his minister of finance Ahmad Wad Sulayman, this is the first budget which, as his excellency the leader president has said, it prepared in accordance with the Hegira calendar, starting with the beginning of the month of Muharram and ending with the month of Dhi al-Hijjah of every year. Considering that every country's fiscal year begins with the production season, then we have perhaps wanted this to be a good omen and a sign of blessing. In God's name, let us begin this system this year, surrounded by care while we study the issue in a spirit of faith and tolerance. With success from God, we will end up achieving what is good for us. Ultimately, we are more aware of our world's affairs. From beginning to end, we shall consult on our affairs.

Mr Speaker, we are a part of this universe and we experience its events, interact with them and are affected by their course. By observing what goes on around us, we find that the world economy is still going through developments that are no better than the developments of past decades. Successive crises have afflicted all countries, beginning with the collapse in the prices of commodities and with the subsequent recession in trade, the increase in unemployment and instability in the world currency system. All this has led to phenomena which the world countries are still unable to tackle. These phenomena have caused the economic conditions of numerous countries to deteriorate and the internal and external debts to grow, thus weakening the developing countries because of their meager resources and because of the faltering flow of external resources, including both official and trade resources. The developing countries have thus been struggling on the path of development while being weakened by difficult international and local conditions.

The major powers have also resorted to international policies and to austerity measures in the various spheres. These policies and measures have had their impact on the course of international trade transactions and on the levels of international cooperation, causing the budgets of oil countries to experience successive deficits for more than 1 year and causing the development programs of these countries to shrink to modest dimensions.

Amidst this economic-political struggle, it has become evident to all the developing countries that self-reliance is a genuine principle that must not continue to be a slogan bedecking conferences and that this principle is an urgent must. It has also become evident to these countries that controlled fiscal behavior is the right path toward achieving social aspirations, progress, growth, economic prosperity and strengthened peace. Otherwise, the alternatives in all cases are more taxes, more burdens, more poverty and more backwardness. God be thanked, our spiritual and secular options have provided us with a strong motive to cling to the program of economic concentration and of fiscal reform and to exert efforts to mobilize all the resources, to encourage local savings, to channel development toward projects with a quick yield and to focus on the existing projects so as to eliminate the bottlenecks which they experience and to confine spending to the narrowest limits. We have, by the same degree, continued our progress of our international cooperation policy by virtue of its being a strategy complementing our internal efforts and an inlet to establishing a new international economic system based on mutual responsibility and solidarity and facilitating the flow of resources from the international and regional organizations and the rich countries to the developing countries.

Mr Speaker, for the big transformation to take place, we have to go through 3 months in which we spend according to the appropriations of the 1983-84 budget until we reach the new fiscal year. I do not want to preoccupy you with this transition period because it is an inevitable bridge which we have almost crossed. But a word is necessary regarding the budget which your esteemed assembly approved for the 1983-84 fiscal year and regarding the positive and negative features which accompanied the implementation of this budget--features which guide us in determining our steps for the new fiscal year.

As you are aware, no budget has faced as many winds of change and renewal as this budget. Moreover, since the conclusion of the 1972 Addis Ababa treaty, the country has never been exposed to such a variety of hostilities, whether in the escalation of propaganda attacks, in igniting the war of aggression or in the numerous pressures exerted by friends and foes, which had to be confronted and surmounted over the debris of victims: in the lives of martyrs, in economic projects, in money flow, in expenditures, in payments, in defense, in patience and in steadfastness. This nation's workers in the various spheres, especially the workers in the central and provincial economic sectors, have risen to the level of the events by virtue of their faith and patriotism and have performed the way faithful sons perform for their revered homeland.

Insofar as revenues are concerned, the estimates of the actual performance of the intrinsic revenues amounted to nearly 90 percent of the allocation in the approved budget. This is a high percentage which confirms to all of us the extent of the possibility of mobilizing the local resources and also confirms the soundness of the tendency of the financial policies and of the revenue estimates.

Despite the difficult economic circumstances and the climate that has prevailed recently, the flow of financing from foreign sources has amounted to a little less than the final figure listed in the budget. The credit for this goes to the efforts and flexibility of the Sudanese diplomats, to the banking apparatus and to the economic administration in fiscal circumstances of which you all have been aware.

As for general spending, we expect the actual spending rate in the current expenditures to amount to 82 percent of the budget allocations, to 74 percent of the development budget and to 55 percent of the investment budget.

Mr Speaker, you have perhaps noticed the modest percentage of spending on development. This has in fact been dictated by the flow of foreign aid on which our development and investment programs depend for foreign and local currency. We have paused before this aspect repeatedly and we will also pause before it in this budget as one of the significant weaknesses in this phase of our procession. The second point is that under difficult circumstances we give the priority, of course, to the national commitments so that we may surpass the country's safety barrier and "you are all intelligent and understand what I am saying."

Mr Speaker, implementation of the 1983-84 budget has faced numerous challenges, as I have already pointed out, which are led by the alliance of the forces of evil and of hostility to the faith and the homeland at home and abroad. These challenges have had to be confronted decisively and responsibly and this has compelled us to adopt fiscal policies and measures to protect the faith and the homeland during the year. These measures focused fundamentally on reducing public spending and on bolstering intrinsic revenues to face our security and defense obligations and to continue whatever economic and social development efforts could be continued. God be thanked, this has been done seriously and carefully by establishing strict fiscal control and by modifying the currency flow rates in a manner that does not harm the performance of the government units and does not saddle the citizens with new financial burdens. Despite the difficulties experienced by the budget, we could not disregard the hardship of people with limited salaries and wages. Thus, modifications have been introduced into some incomes and grades. The cost of the salary modifications made on 1 July 1983, the middle of November 1983 and January 1984, a cost amounting to nearly 70 million pounds, has been met within the framework of the approved budget.

We hope sincerely that this will be reflected in devotion to the values of work, sacrifice, precision and sincerity in performance because such devotion brings about abundance and prosperity for the nation.

We have continued the policy of strengthening the provincial government and of transferring the financial authorities to the provincial government and to the national capital. All the allocations belonging to the provincial governments and the other additional commitments resulting from national commitments have also been remitted to the provincial governments.

Within the framework of the fiscal relationship between the central government and the provincial governments, you must remember that as a prelude to the financial independence of the provinces, it was decided in the preceding year to delegate central powers to the provinces to collect revenues estimated in the budget. These provinces have been given 60 percent of all the collected revenues exceeding the budget allocation as an incentive to strengthen their resources. Though we delegate central powers to the provinces and to the national capital in accordance with the positive laws, then in accordance with the divine laws, the provinces and the national capital will be by principle and by the Shari'a the primary collector of taxes as of the beginning of this budget and they will do the spending by themselves without any custodianship from the ruler and without any controller but God

On the other hand, the 1983-84 budget has achieved complete financial independence for the judiciary. The Higher Judiciary Council is now the authority that prepares the judiciary's budget, establishes the conditions and requirements to be met by those working in the service of justice and brings these workers to account. The state provides all the needs of this budget in order to achieve the fiscal independence that is the beginning of justice and of the freedom of the judge in making his opinions and decisions.

Mr Speaker, I said in my address on the previous budget that our economy was approaching a state of health. It pleases me to tell you that in the sphere of building and construction, health and vigor have actually been restored to our major projects, such as al-Jazirah, al-Rahad, the sugar projects and the "atbarah cement project, in the wake of the implementation of the rehabilitation projects. The fact that our cotton production amounted to nearly 1.2 million bales and sugar production to nearly 420,000 tons is perhaps the best proof. The energy levels have improved in the wake of the modernization of the thermal power generation plants in Barri and now that the units of the Third Energy Project are almost completed.

To encourage private investment, the committee I had promised to form to reexamine the investment law has reviewed all the laws to facilitate the flow of capital from the local and foreign private sectors and has presented its report. The report will be submitted to the political and legislative agencies upon completion of the necessary consultations.

Me Speaker, permit me now to submit to your esteemed assembly the budget estimates for fiscal year 1405 of the Hegira, described by the leader as the budget of the banner of "there is no god but God." We have proceeded with this budget and submitted it in accordance with the principles and mainstays approved by the nation for building a real Islamic economy whose revenues derive from the sources permitted by God. The distribution of these revenues is compatible with God's Shari'a, namely a just and an unwasteful distribution. The alms tax will be a reality in the current

fiscal year and it will be one of the sources of revenue in society's various provinces, collected through the channels specified by the Shari'a. The alms tax will be one of the mainstays of economic and fiscal policy. It will be coordinated, integrated and tied to this policy in a manner that achieves the desired goals for the entire nation. It will also be a practical implementation of the policy of building the society of purity and integrity.

The draft budget estimates have relied primarily on making maximum use of the country's real and available resources and on mobilizing and utilizing the intrinsic resources and capabilities in an ideal manner to finance the state's various production and service activities and to enhance national and provincial development in accordance with the policies seeking to raise the production rates and to improve the standard of services in all the utilities and sectors. The mainstays and fundamental features of the state's general budget are the following:

1. The practical and realistic implementation of the Islamic economic principles and implementation of the alms tax and of the other taxes in a manner that achieves the nation's good.

2. Continued implementation of the economic programs in accordance with the economic strategy determined by the comprehensive political program, a strategy summed up in seeking to achieve the following:

Restore internal and external balance to the national economy and establish control over the deficit in the general budget.

Increase intrinsic financial resources.

Reduce public spending, especially current expenditures.

Utilize resources in an ideal manner.

Reduce dependence on the banking system.

3. Adhere to the 3-year investment program and focus on rehabilitating and restoring the existing economic structures, completing the projects, increasing the capacity of existing projects through vertical and horizontal investment and putting the emphasis on infrastructure projects and on bolstering the energy projects that help eliminate the bottlenecks in the various sectors of the national economy.

4. Support and encourage production through fiscal and currency policies intended to meet local consumption and to increase the volume of exports and exert efforts to streamline consumption and reduce the volume of imports with the aim of narrowing the gap in the balance of payments.

5. Emphasize national priorities in the sectors of agriculture, energy, transportation, training and the development of the human resources.

6. Utilize loans and grants to the maximum.
7. Exert efforts to complete the fiscal independence of the provincial governments and the judicial authority.
8. Strengthen the Sudanese-Egyptian integration projects.

Mr Speaker, to translate all these policies and mainstays into figures, permit me to present to your esteemed assembly the draft budget estimates for fiscal year 1405 of the Hegira.

The total estimates for intrinsic general revenues amount to 1.64 billion pounds, with an increase of 40 million pounds. Personal income tax revenues and capital profit revenues, amounting to nearly 100 million pounds, have been excluded in accordance with the alms tax and taxes law. But due to the absence of a direct relationship between the indirect tax revenues and the alms tax vessel, they have been classified within the revenues of the general budget for fiscal year 1405 of the Hegira.

On the other hand, the volume of total spending in the year 1405 of the Hegira amounts to 2.663 billion pounds, with an increase of 200 million pounds over last year. By comparing total public spending with the intrinsic revenues, the proposed budget shows a deficit of nearly 1.023 billion pounds. When we take into consideration the flow of foreign financing which amounts to 918 million pounds, with an increase of 38 million pounds over last year's estimates, the estimated deficit in the budget amounts to 105 million pounds. This deficit will be tackled during the year either by squeezing the spending -- through intrinsic resources -- by issuing investment bonds compatible with the principles of the Shari'a, by attracting more foreign aid or by receiving contributions from the Alms and Taxes Bureau for Shari'ah expenses which are budgeted in the spheres determined by the venerable Koran verse.

I will review in some detail the following general revenues and current expenditures:

I. Intrinsic Revenues

The total estimates for the general intrinsic revenues for the new Hegira year amount to 1.64 billion pounds, compared to 1.6 billion pounds in 1983-84, i.e., with a net increase of 41 million pounds detailed as follows:

The total estimates for tax revenues in 1405 of the Hegira amount to 1.314 billion pounds, excluding the personal income tax and the capital profit tax, compared to 1.261 billion pounds for 1983-84, i.e., with a net increase of 53 million pounds or 4.2 percent. The tax revenue estimates are based on the indicators of the actual collection for fiscal year 1983084. The details are as follows:

1. Taxes on Services and Goods

The estimates for taxes on services and goods have risen from 216 million pounds in 1983-84 to 266 million pounds for 1405 of the Hegira, i.e., with a net increase of 50 million pounds or 23 percent. This net increase is concentrated in a natural increase estimated in accordance with the actual performance of the two provisions of the development and the excise fees.

As for the production fees, it is noted that the estimates for 1405 of the Hegira amount to 107 million pounds, compared to 107.8 million pounds in 1983-84, i.e., they have nearly maintained their total level in the allocations, even though the decree banning alcohol has caused the final loss of the estimated alcohol revenues, amounting to 19 million pounds a year, from the local alcohol plants. The production fees for fiscal year 1405 of the Hegira have been estimated in the expectation of increased production in the other local plants, especially in the wake of solving the energy problems, of encouraging local production and of curtailing the importation of alternatives from abroad.

The development tax levied on production has increased by 10.3 million pounds, according to the actual collection indicators. The excise fees have increased by 41 million pounds as a result of the modification of the excise fee categories during fiscal year 1983-84, taking into consideration the expected shift toward the consumption of local cigarettes at lower prices than those of imported cigarettes. We expect an increased output from the local cigarette plants and an increase in production.

2. Taxes on Foreign Trade

The tax estimates for foreign trade in 1405 of the Hegira amount to 832 million pounds, compared to 795 million pounds in 1983-84, i.e., with a net increase of 37 million pounds or 4.7 percent. The increase is concentrated in the two provisions of the additional fee on imports and in the defense tax. The two increases are attributed to the modifications in the categories introduced in fiscal year 1983-84. On the other hand, the import fees show a drop of 68 million pounds and the consumption fees show a drop of 15 million pounds. The drop in import fees is attributed to the measures banning the importation of numerous commodities. The actual collection indicators and the natural growth rates were taken into consideration when making the estimates for the new fiscal year. As for the obvious drop in the consumption fee estimates, it is a natural result of the implementation of the Shari'a principles which ban dealing in alcohol and of the expected drop in the consumption of imported cigarettes which were subject to this fee. A shift toward the consumption of local cigarettes has also been taken into consideration.

3. Direct Taxes

The estimates of direct taxes for fiscal year 1405 of the Hegira amount to 216 million pounds, compared to 250 million pounds in fiscal 1983-84, i.e., with a net drop of 34 million pounds or 13.6 percent. Meanwhile, the estimates show an increase of 57 million pounds in the business profit

tax, of 5 million pounds in the excise tax and sales tax and of 2.5 million pounds in the development tax. These are all normal increases and are reflected in the actual collection indicators. The drop is attributed fundamentally to the abolition of the personal income tax and the capital profit tax which have been replaced by the alms tax and the social security tax. It must be noted here that in accordance with the alms and taxes law, the business profit tax for 1983-84 will be collected by the Alms and Taxes Bureau on behalf of the state because the collection period comes after issuance of the law. Because the taxes collected are not Shari'a alms and not the social security tax, they will be remitted to the public treasury in accordance with the laws.

B. Non-tax Revenues:

The non-tax revenues for 1405 of the Hegira are estimated at 325 million pounds, compared to 338 million pounds in fiscal year 1983-84, i.e., with a drop of 13 million pounds. The results have been an increase in some provisions and a drop in others. The agency fees have increased by 5 million pounds and deductions from salaries have increased by 6.7 million pounds. The increase in salary deductions has been estimated in accordance with the changes in the salary structure, and these deductions include deductions from the pensions of police and prison officers and noncommissioned officers, firefighters and fishing guards. The estimates for the provision of fees from civil servants on loan and who have been delegated amounted to 2.1 million pounds. This is a new provision enacted in accordance with the measures taken to defend the faith and the homeland in the second half of fiscal year 1983-84. On the other hand, the level of actual collection performance has dictated the introduction of reductions in the components of other provisions, led by the revenues of the public companies, organizations and establishments whose total estimates show a drop of 25.6 million pounds as a result of the drop in some components and the increase in other components of this provision, as demonstrated in the following:

Drop:

1. The banking sector: drop of 25 million pounds.
2. The industrial sector: drop of 2.9 million pounds.
3. The trade sector: drop of 2 million pounds.
4. Miscellaneous sector: drop of 4 million pounds.

Increase:

1. Agricultural sector: an increase of 3.9 million pounds.
2. Cement budget: Masibyu and Rabak, an increase of 4.4 million pounds.

II. Public Spending

The total estimates for fiscal year 1405 of the Hegira amount to 2.663 billion pounds, with an increase of 200 million pounds over last year, i.e., an increase of 8 percent.

The estimates for the current budget for fiscal 1405 of the Hegira amount to 1.925 billion pounds, with an increase of 168 million pounds or 9 percent over last year. I will touch in the following with utter brevity on the details of the current expenditures:

Section 1:

The estimates for Section 1 in fiscal 1405 of the Hegira amount to 116.5 million pounds, with a drop of 20 million pounds below last year's estimates. The drop is attributed to the conversion of a sum of 23 million pounds as job allocations for the national capital and a sum of 3 million pounds for the various provinces so as to complete the transfer of powers to the provincial governments and to transfer the judicial authority's allocations to the authority concerned in observance of the national commitments to achieving the financial independence of the judicial authority.

As for Section 2 which concerns the ministries and the government agencies, it has not undergone any fundamental changes. The shortage in allocations, amounting to 9 million pounds, is due to the transfer of the fiscal allocations concerning the national capital and the allocations concerning the judicial authority.

National Commitments

The estimated allocation in the national commitment budget for fiscal year 1405 of the Hegira amounts to 894 million pounds, with an increase of 61 million pounds over last year.

The fundamental increase in the national commitment budget is concentrated in the addition of 60 million pounds as a reserve to meet the decisions of the Committee for the Amendment of Wages and of Service Requirements in the coming fiscal year.

Moreover, there is an increase of nearly 11 million pounds to meet pension commitments and post-service benefits. We must point out the seriousness and the growing dimensions of this issue, in addition to the drop in a number of other provisions.

Provincial Government

Mr Speaker, in this regard, I wish to stress the continuation of the state policy of bolstering decentralism and the provincial governments. The budgets of the provincial governments for fiscal year 1405 of the Hegira

have been prepared in accordance with Presidential Decree No 877, which considers the 1983-84 budget the basis for the budget of 1405 of the Hegira, plus the burdens imposed by the implementation of Presidential Decree No 760 and the other financial burdens imposed by the national policies.

Estimates of the remittances to the provincial governments and to the national capital amount to 287 million pounds, with an increase of 52 million pounds over last year. This increase is concentrated in the additional burdens concerning the increase in wages and salaries in fiscal year 1983-84 and the remittance of financial allocations for the powers transferred to the provincial governments.

In this respect, it must be noted that the budget for fiscal year 1405 of the Hegira has taken into consideration the law concerning the national capital. The financial allocations for the activities transferred from the central units to the national capital have been remitted. In addition to the remittance made in the budget presented to you, there are other financial allocations which are still in the budgets of a number of central units and it has been agreed to remit these allocations to the national capital. We will begin remitting them at the start of the new fiscal year, discounting the remittances from the budgets of these units.

As I have already pointed out in another spot, I must greet our provincial government's efforts in establishing the mainstays of transferring authority to the masses and in establishing the principles of its financial independence. This has been done with the great and appreciated effort exerted by the provincial governments to expand the base of the tax vessels and to collect the central tax revenues authorized by the national government. This effort has truly helped us bring success to the experiment. As is well known, the 1983-84 budget was the first budget in the transition period for transferring some of the national revenues to the provincial budgets so that they may achieve financial independence and so that these provincial governments may rely on their resources and support the national budget.

Regarding the efforts to achieve the administrative independence of the provincial government, all the jobs of the fifth grade have been transferred to the provincial governments -- with a transition period to transfer the jobs of the fifth grade and of higher jobs, beginning with the delegation from the central government. However, we believe that the provincial governments have completed their growth and have become strong. For complete provincial control over the provincial public service, we believe that the time has come to transfer all jobs, with a few professional exceptions, up to grade one to the provincial governments and that the provincial governments must be fully responsible for these jobs which must be under their control. We will thus prevent overlapping between the central government and the provincial governments in the sphere of employment and of the basic structures of the units. At the same time, the provinces will be able to completely build and organize the provincial job structures in total independence from the national public service

policy. Moreover, we will be able to purify the structures of the central units and to define them in accordance with the powers specified for them in the presidential decrees.

As for the commitments of the Ministry of Defense, a sum of 275 million pounds has been allocated within the framework of the ordinary budget, with an increase of 55 million pounds over last year's allocation, taking into consideration that this sum meets ordinary needs under ordinary circumstances. But should unexpected security conditions develop, the country's security and defense will always take the first and foremost priority, even if we are compelled to adopt financial measures to provide the additional resources needed for the country's security.

In this respect, I must greet in the name of all of us the historic stance of our people's armed forces in the various positions and in the western, eastern and southern parts of the country in defense of our borders and of our existence. I will not underscore or greet what these forces have done, and they want no reward nor hold one obliged, if it were not for my awareness of the difficult, harsh and, at times, impossible conditions under which they struggle and sacrifice sweat, blood and life. We stand powerless, despite our conviction and our commitment to meet their fundamental needs for weapons, equipment, clothing, food transportation, movement and communications. God greet all of them in every position. God greet them all, privates, corporals, sergeants, staff sergeants, officers and commanders.

Mr Speaker, a sum of 25 million pounds has been allocated for Section 3, which is the same sum as last year, to meet the cost of special renewals and maintenance, to purchase furniture and to replace vehicles and some small instruments and equipment used by the central units so as to provide the minimum needed to manage the instruments of government.

Investment Budget

The estimates for the investment budget of 1405 of the Hegira amount to 80 million pounds, with a drop of 16 million pounds in comparison to last year, in accordance with a survey of the actual commitments that have to be met in the new fiscal year. All the sums needed for integration between Sudan and sisterly Egypt have been allocated, especially the financial commitments toward the Higher Integration Council and the agencies under its control and toward the Nile Valley Parliament. It is to be noted that the drop in the investment budget allocations reflects completion of the projects started, as well as our policy not to embark on new investments before we see the performance of what we have completed.

Development Budget

The development budget for fiscal year 1405 of the Hegira has been prepared in light of the priorities specified in the 3-year development plan for 1982-83 and 1984-85. These programs have a total investment of 1.6 billion Sudanese pounds. The program's main objectives are summed up in the following:

1. Rebuild the Sudanese economy's ability, especially in agriculture and agro-industries, to increase production.
2. Expand the infrastructure directed toward serving the production sectors, especially energy, transportation and the development of manpower skills.
3. Increase exports and expand in the efficient replacement of imports so as to improve the balance of payments.
4. Expand the base of participation by the private sector.
5. Speed up the discovery and exploitation of the country's natural resources, especially oil.

In light of these priorities, the development budget for this year has determined the sectoral priorities, with agriculture getting 32.7 percent of the development allocations, the energy sector getting 14.5 percent, the local development sector getting 16 percent, the service sector getting 11.6 percent, the transport and communications sector getting 10 percent and the industrial sector getting 9 percent. The sectoral priorities are based on the following:

1. Restoring and modernizing the existing projects which constitute the backbone of the Sudanese economy, such as al-Jazirah project, al-Shamaliyah pumping plants and the modernization of the sugar plants.
2. Completing the projects under construction and eliminating the financial and administrative obstacles facing them.
3. Devoting attention to the infrastructure projects, especially the projects that contribute to eliminating the bottlenecks in the production sectors.
4. Entrenching the existing projects by building vital horizontal, vertical or structural additions.
5. Building new projects for which soft-term financing resources are available.

Performance of 1983-84 Development Budget

Before I dwell on the details of this year's development budget, it behooves me to present to your esteemed assembly a general report on the performance of the 1983-84 development budget for spending on the local component, in addition to 40 million pounds in reserves and the equivalent of 337.3 million pounds in foreign currency. The actual spending from the local component amounted to nearly 74 percent in comparison to 58.9 percent for 1979-80, 52.3 percent for 1980-81, 52.7 percent for 1981-82 and 135.9 percent for 1982-83. It is noticed that the level of actual spending in 1982-83 was higher than the average spending for the said

years, except for 1982-83 when the completion percentage exceeded the ordinary average as a result of the continued flow of foreign aid from the fraternal and friendly countries at a high level which made liquidity available from the public treasury and from the local equivalent accounts [hisabat al-muqabil al-mahalli] allocated for development so as to utilize this aid in bolstering the existing projects and implementing the projects listed in the 3-year program.

As for the foreign component, the actual spending rate was meager and did not exceed one-third of the allocations or 105 million pounds for the period from July 1983 to March 1984, compared to 197 million pounds for 1982-83, representing 70 percent of the foreign component allocations for that year which amounted to 281 million Sudanese pounds. This drop is due to two main reasons:

First, the failure of a number of countries which used to advance aid in past years to fulfill the commitments they undertook in the various international lobbies. Some of these countries have not even signed the cooperation protocols. Second, the economic conditions have led to a delay in the payment of some debts to international finance institutions and this delay has resulted in stopping withdrawals from these loans. This stoppage has had a negative impact on the implementation of the projects.

Despite this, the efforts to evaluate the projects have continued and it has been decided to implement numerous reconstruction projects and to secure the agricultural requirements for the agricultural-sector projects, thus raising cotton productivity in 1983-84 by more than 10 percent over 1981-82.

Despite this, the efforts to evaluate the projects have continued and it has been possible to implement a number of reconstruction projects and to secure the agricultural requirements for the agricultural-sector projects, with cotton production increasing by 10 percent in 1983-84 and with the production volume thus growing to twice the 1981-82 volume. Productivity in the sugar sector has also been increased and it is hoped that it will improve even further in the future now that agreement has been reached with a number of international and Arab finance institutions to complete the restoration and modernization of the sugar plants. Performance has also improved greatly in the cement plants and cement has been supplied at economical prices. In the field of energy, the electricity supply has improved considerably and the agencies concerned in the Ministry of Energy have devoted their attention to supplying electricity to the plants and oil derivatives to the agricultural and industrial production sectors.

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[Text] [Part of address presumably dropped] The second in Bahr al-Ghazal and (al-Arzabawil) and so forth. Implementation of the pipeline project has been delayed.

Third, the unavailability of operational materials and of fuel in the required volume and at the right time.

Fourth, the emigration of skilled labor and of those with managerial capabilities has had a negative impact on the implementation of projects.

Fifth, despite the improvement in the liquidity situation, this liquidity is not, in some cases, available at the right time and in the required volume for every project, especially as a result of the competition between the national sectoral projects and the system of quarterly remittances to the provinces because of the major reliance on the local counterpart of foreign aid.

Sixth, as for the industrial sector projects there are pending problems with the implementing companies that have obstructed the implementation of projects. These problems are about to be settled. We will discuss this issue a little later.

Main Features of Development Budget

The development estimates for fiscal year 1405 of the Hegira amount to 658 million pounds, of which the equivalent of 310 million pounds is in local currency and 348 million are in foreign currencies. In comparison with the allocations for fiscal year 1983-84 which amounted to nearly 609.8 million Sudanese pounds, we find that the increase in the development allocations is nearly 48.2 million pounds or 8 percent over the 1983-84 budget. The increase in the local component amounts to nearly 14 percent and in the foreign component to nearly 3 percent.

The agricultural sector still represents the biggest sphere of investment, with its allocations amounting to nearly 32 percent. The emphasis is still on restoring the irrigated sector projects. The energy sector follows the agricultural sector with 14.5 percent of the budget allocated for the development of this sector. We hope to be able to allocate additional resources for energy and we have been exerting efforts for 2 years to find the financing necessary for the Fourth Energy Project, which seeks to increase the productive thermal energy sources and to improve the conveyance and distribution networks. But the big dimensions of the project on the one hand and the emergence of new ideas calling for reduced dependence on thermal energy and for the introduction of hydroelectric power as part of the project on the other hand will make us proceed in two directions: one leading to the maximum utilization of the financing available to meet local needs completely and the other toward water-generated energy by elevating al-Rusayris Dam and al-Hamadab Dam.

Despite the seemingly low percentage allocated for the transport and communications sector, a large part of the road allocations in local currency has been remitted to the national capital. Moreover, the construction of numerous roads has been completed and the construction

of others, such as the Sannar-Sinjah-al-Dammazin highway, is suspended at present because of administrative problems. On the other hand, the problem of delayed payments is an obstacle in the face of beginning the project for the Kosti-Umm Ruwabah-al-Abyad highway. One of the most important new projects in this sector is the Third Road Network Project with the World Bank. This project bolsters the capacity of the Public Road and Bridge Authority to participate in maintaining the national highways throughout the country.

The services have expanded with the introduction of the third education plan and they have gotten a high percentage of the development allocations. This is in addition to the allocations made by the provincial governments from the development remittances they receive.

As for the industrial sector, we have begun negotiations, successful to varying degrees, with a number of companies involved in implementing the idled projects and with the bilateral-aid countries financing this sector's projects with the aim of moving these projects forward. The projects include the fine yarn plant in Bahri, the Mallut sugar plant and the ready-made clothing plant. The negotiations also seek to find an alternative formula for financing the Qaddu plant. We are also exerting efforts to restore the tannery sector. Thus, the industrial sector allocations have increased from 7.1 percent in the 1983/84 budget to 9.5 percent in the budget of 1405 of the Hegira.

As for the proposed allocations for provincial development, their percentage has increased, despite our circumstances, from 12.8 percent in the 1983-84 budget to 16 percent in this year's budget, i.e., from 84.3 million Sudanese pounds to 105.5 million pounds, in a serious attempt to bolster the provincial development efforts in accordance with the invaluable ideas expressed in the Second National Economic Conference and out of conviction in the importance of stirring the Sudanese countryside to contribute more effectively to nation building.

As for the self-financing organizations, their proposed allocations have dropped from (120.8) million pounds last year to 86.3 million pounds for two major reasons: one is the exclusion of the budget of Sudanese Airways now that the company has become a private company and the budget of the Masabyu Cement Plant in 'Atbarah now that the plant extension has been completed. The second reason is that the self-financing organizations, excluding the Seaport Authority, do not make large profits which have dictated a reduction of their budgets to a reasonable size.

I will now discuss in some detail the development budget at the sectoral level:

Agricultural Sector

The agricultural sector represents the fundamental base in determining the course of the country's economy. In light of the performance of this sector, indicators for the future projection has been established

on the basis of production expectations. Therefore, we have had to deal with the drop in the productivity of projects through urgent aid programs and medium- and long-range programs to achieve a high productivity that enhances the country's export revenues in foreign currencies and that reduces the burden on the balance of payments.

In implementating the above, we have begun to modernize al-Jazirah project and the Halfa, the White Nile and the Blue Nile projects that have been producing for the past two seasons.

The agricultural sector's share in fiscal year 1405 of the Hegira amounts to 214.9 million Sudanese pounds, including 72.3 million pounds in local currency and the equivalent of 142.6 million pounds in foreign currency, with an increase of 45.2 million pounds over the allocations in fiscal year 1983-84.

This sector's allocations have been divided as follows:

Modernization and Restoration Project

To enhance productivity and to expand vertically in the existing agricultural organizations and in the wake of the success of the urgent aid program in stopping the decline in productivity, a sum of 109 million Sudanese pounds, including the equivalent of 77 million pounds in foreign currencies, has been allocated to meet the fundamental requirements to rebuild the agricultural organizations. The most important organizations included in the rebuilding program are al-Jazirah project, the New Halfa Agricultural Organization, al-Shamaliyah Agricultural Organization and the White Nile and Blue Nile agricultural organizations.

Agricultural Service Projects

Agricultural services are an important element complementing agricultural production. Therefore, a sum of 19.6 million Sudanese pounds has been allocated for the purpose of developing the agricultural research services and crop protection and seed production services.

Livestock Production

The budget devotes attention to developing the subsidiary sector of livestock resources, with the allocations for this sector amounting to 15.5 million pounds for fiscal year 1405 of the Hegira. This sum will be channeled toward achieving the following objectives:

- A. Develop the infrastructures of the livestock resource sector, embodied fundamentally in livestock and meat marketing and livestock-breeding methods.
- B. Improve veterinary services to fight livestock diseases and to offer veterinary and guidance services.

C. Set up production projects, such as chick production projects, the South Kartoum Fodder Plant and Northern al-Jazirah Dairy Plant.

Mr Speaker, the livestock resource sector is one of the most important sectors of national wealth. Though important, this sector costs the country very little in terms of food needs by virtue of its nature and of the nature of those tending it. This sector depends largely on natural grazing, natural water resources and contented shepherds. This makes it one of the sectors that offer much and take little. Moreover, the fact that those tending the sector are remote from the society of money and of sales has made them disinclined to sell their livestock, thus creating an imbalance between the abundance of Sudan's meat resources and the high cost of meat in the country. To achieve effective national and sectoral development of our livestock resources and of the human element tied to them, we will invite the people concerned and the people with opinions to study this issue specifically, either within the framework of the economic conference or independently of it, and to develop practical programs to guide as in tackling this matter.

Irrigation Infrastructures

Because irrigation is the cornerstone of agricultural production, the development budget for 1405 of the Hegira has devoted great attention to improving the means of irrigation, allocating a sum of 34.1 million Sudanese pounds in accordance with the dictates of the actual needs of this vitally important utility.

Natural Resources

In the sphere of developing 2 natural resources and enhancing their yield, a sum of 7.5 million Sudanese pounds has been allocated in the development budget of 1405 of the Hegira to implement various components, led by the projects to produce Arabic gum, to protect the jungle resources and to improve the grazing projects.

Conventional Agriculture

Despite the meager rains that have led to a drop in the cultivated area and in productivity in the conventional dryfarming sector, the current tendencies focus attention on this sector through improving the conventional cultivation methods and enhancing the basic services and structures that help the stability of the farmers. The program to develop conventional agriculture is being implemented in various parts of the country, especially in South Darfur Equatoria and Bahr el Ghazal Provinces as well as in the central province. The sum allocated for this type of agriculture amounts to 23.3 million Sudanese pounds.

Desertification

Perhaps a major malady that continues to afflict the country's fortunes is the malady of desertification. The project to tackle this phenomenon proceeds in three directions:

First, absorb the increasing numbers of people and of livestock that emigrate to South Darfur under the impact of this phenomenon by building the necessary water facilities and other requirements of settlement. Second, implement a project with the United States and the Netherlands for reforestation and for restoration of the plant cover, especially Arabic gum trees in North Darfur and North Kordofan. Third, implement the FAO program for streamlining the use of pasture lands and for alleviating the pressure on such lands, especially in South and East Darfur and all the way to the town of al-Adiyah in North Kordofan, so that it may not be afflicted with the same malady in the near future.

This is in addition to strengthening the Desertification Control Office and restructuring the Darfur water project to reduce the impact of livestock concentrations.

Because in the wake of the Third Congress of the Central Leadership hopes have now been attached to the creation of the Higher Natural Resources Council which will take charge of this problem, in addition to its other objectives, we will continue to seek help from the international institutions and organizations to deal with the major part of the problem. We have begun a dialogue with the European Group [EEC] for a major project that covers Kordofan and Darfur Provinces and a part of the northern province.

Industrial Sector

This year's total allocations for the industrial sector amount to nearly 60 million Sudanese pounds in foreign currencies.

The project to modernize the sugar sector has taken top priority because of the importance of sugar as a strategic commodity in which we must reach maximum production capacity in order to achieve self-sufficiency and to export the surplus.

This has been reflected in the sums allocated, amounting to 28 million Sudanese pounds, of which 20 million pounds are in foreign currencies and which have been fully secured from the German government, the Arab Economic and Social Development Fund, the Agency for International Development and the Saudi Development Fund. It is hoped that an agreement will be signed in the near future. In addition to these sugar plants, there is the Mallut sugar project whose construction is expected to begin shortly after a reasonable formula is reached with the executing Belgian companies and the Belgian government. The local currency allocations for this project amount to nearly 100,000 Sudanese pounds to meet the project's fundamental needs and nearly 7 million Sudanese pounds in foreign currencies to meet the external obligations.

To enable the sugar sector's production units to move freely insofar as production, utilization, pricing and marketing are concerned, the four government-owned plants have been turned into independent companies registered in accordance with the companies law. These companies now have full freedom to operate according to economic criteria in order to be able to modify their programs in accordance with the state's general plan without intervention and in order that they may be able to build their reserves for replacement and renewal like any other advanced industrial units.

Next to the sugar sector in importance is the yarn and textile sector which includes al-Sadaqah [Friendship] Ready-made Clothing and Fine Yarn Plant in Bahri, al-Hajj 'Abdallah Yarn Plant, the Port Sudan Yarn Plant, the Qaddu Yarn and Textile Plant, al-Runj (Linen) Plant and the central workshop for the production of spare parts. The total allocations amount to 13.9 million Sudanese pounds, of which 5.1 million are in Sudanese pounds and 8.8 million in foreign currencies. The industrial-sector allocations include 10.2 million pounds appropriated to strengthen the industrial establishments, of which the most important is the Central Foundry for which a sum of 3.5 million pounds has been allocated. The other allocations provide for meeting the needs of the Onion Dehydration Plant in Kasala, the Fruit and Vegetable Processing Plant in Waw and the Date Processing Plant in Karimah. All of these plants need to have their equipment and machinery replaced and renewed, considering that some of this equipment and machinery are more than 20 years old. This is in addition to modernizing the Anzara Industrial Complex for which a sum of 3.3 million pounds has been allocated.

After securing the requirements for modernizing the ceramics sector in the cement industry and the requirements of the four sugar plants, our priority at present is channeled toward restoring and rehabilitating the yarn and textile projects, not only in the public sector but also in the private sector. We have begun contacts with the World Bank on this issue and the early signs indicate success.

Energy and Mining Sector

This sector includes the projects to increase and enhance the electric energy supply, the projects to supply drinking water to the countryside and the cities, the projects to increase the storage capacity for the various oil products and to enhance shipping and distribution capabilities and the geological survey and mineral prospecting projects.

The sum allocated for this sector amounts to nearly 95.5 million Sudanese pounds, including 21.7 million in Sudanese pounds and 73.8 million in foreign currencies. These allocations do not include the appropriations for the Khartoum Province Water Authority. These appropriations have been remitted this year to the national capital's commission.

This sector's allocations have been divided as follows:

Electricity Projects

A sum of 65.4 million Sudanese pounds has been allocated for the energy projects, including 10 million in Sudanese currency and 55.4 million in foreign currencies. These projects seek to increase the power generated to meet the rising demand resulting from agricultural, industrial and construction expansion which subsequently requires development and expansion of the electricity conveyance and distribution networks in the various consumption areas. The projects also seek to restore the Blue Nile national network and to raise the level of the performance of the various electricity facilities.

The most important projects included in this budget are the Third Energy Project whose main parts are expected to be completed at the beginning of this fiscal year, the project to develop and improve the conveyance and distribution networks, the project for the electrification of the cities of Karimah and Marawi, the Juba power-generation plant, the new Niyala and 'Atbarah electricity plants, the expansion of the distribution network of the Dunqula and Shandi plants, development of al-Fashir and Waw plants and restoration of the Blue Nile network.

Projects of the General Petroleum Establishment

A sum of 2.6 million Sudanese pounds has been allocated for the projects of the General Petroleum Establishment for the purpose of completing the butane gas plants intended to build installations for the distribution of butane gas in the cities of Kasala, 'Atbarah and al-Abyad, in addition to enlarging the Khartoum storehouse. These projects are important for alleviating the problem of the unavailability of this product and of reducing the growing reliance on conventional energy sources in order to preserve natural resources and to control environmental pollution. The establishment's project for petroleum depots is nearing completion, as are the geological projects and mineral prospecting projects.

A sum of 1.1 million Sudanese pounds has been allocated for the Geology and Mineral Survey Authority to implement the geological survey and mineral prospecting projects, to conduct the necessary studies and to strengthen the authority's offices in the provinces.

Water Projects

A sum of 22.8 million pounds has been allocated for the National Water Authority, including 7.8 million pounds in local currency and 15 million pounds in foreign currencies, to meet the cost of supplying drilling and installation equipment for the various water projects in the provinces, to conduct research on surface and underground water resources and to build workshops and maintenance centers in the water plants of the various provinces.

Transport and Communications Sector

The transport and communications sector is one the fundamental mainstays of economic and social development because of its importance in linking the production centers with the consumption centers in such a vast country as Sudan. Increasing the transport capacity and enhancing its efficiency are perhaps necessary for eliminating the bottlenecks encountered in transporting the production requirements and the country's exports.

The total allocations in this year's budget amount to 65.6 million Sudanese pounds, including 28.3 million in local currency and 37.3 million in foreign currencies. The allocations cover the needs of the central financing units supplied with money by the public treasury such as the Mechanical Transport Authority, the River Transport Authority, the Public Highway and Bridge Authority, the Civil Aviation Authority and the Public Post and Telegram Authority.

A sum of 6.8 million Sudanese pounds has been allocated for the River Transport Authority, including 3.6 million in local currency and 3.2 million in foreign currencies, to cover the costs of the authority's existing projects which include providing the additional needs of the river vessels imported in 1980 and converting the commodity barges into barges fit for transporting passengers. The program also provides for importing equipment for floating basins and for installing and building this equipment, for modernizing the river ports, for building piers in (al-Rank, Bor, Mongalla and Juba) and for studying the possibility of deepening the navigational route and modernizing the navigational services between Juba and Kusti to insure vessel traffic during the dry season.

As for the post and telegraph, a sum of 603,000 Sudanese pounds has been allocated in local currency to bolster the authority and enable it to complete the building of the post offices in Dunqula, Tandalti and 'Atbarah; to build houses and provide benefits for the postal agents and also to provide mobile postal and telegram offices.

Regarding highways, a sum of 46 million Sudanese pounds has been allocated for them, including 18.9 million pounds in local currency and 27.1 million pounds in foreign currencies. This year will witness the start of construction in a number of new highway projects, such as the Kosti-Umm Ruwabah-al-Abyad highway, maintenance of the southern province highways and the Juba-Konjor-Bor highway. Studies for the design and start of the construction of the Sanjah Bridge will also begin. This is in addition to completing the projects under construction, some of which are being built directly by the Public Highway Authority.

A sum of 11.7 million Sudanese pounds, including 4.7 million in local currency and 7 million in foreign currencies, has been allocated for the Civil Aviation Authority to complete the construction of the Juba Airport, which has been abandoned by the executing firm under security pretexts, to complete construction of the control tower and the arrival and departure halls in al-Abyad Airport and to start the construction of Niyala Airport.

Self-financing Units

As for the self-financing units, namely the units that finance their spending and their expenditures from their own resources, a sum of 69.2 million pounds has been allocated, including 32 million pounds in local currency and 37.2 million in foreign currencies to complete the ongoing projects, to improve and bolster the railroads and to make improvements on the workshop buildings and the houses and to achieve the decentralization of the railroad authority and install the workshop equipment. This is in addition to importing freight cars, oil tanker cars, passenger cars and service cars.

A sum of 19 million Sudanese pounds has been allocated for telecommunications to replace the telephone exchanges in Khartoum Bahri and Omdurman and to complete the projects under construction.

A sum of 21.2 million Sudanese pounds has been allocated for the Seaport Authority so that it may complete the second phase of the project for developing Port Sudan and to begin establishing the basic services for Port Sudan and the new Sawakin areas, in addition to deepening the navigational route in the old Sawakin Ports with the aim of reducing the load on Port Sudan.

Services Sector

This entire sector includes social development within the central framework and encompasses various units and activities, such as the predominant units and the utilities not affected by the reduction.

This sector's allocations amount to 76.5 million Sudanese pounds, including 33.3 million in local currency and 43.2 million in foreign currencies. When the allocations were made, the budget took into consideration the solution to the issue of educational loss and of teacher training by strengthening the educational training institutes and the teaching institutes that have continued to be central units. A sum of 12.3 million Sudanese pounds has been allocated for this purpose. A sum of 13.9 million Sudanese pounds has been allocated for higher education to complete the new universities and to meet the needs of the existing universities and institutes.

In the health sector and out of concern for preventive and therapeutic medicine, attention must be devoted to the primary health projects, the rural health projects and the Blue Nile health project. Attention must also be devoted to bolstering voluntary efforts. Adequate allocations have been made for the purpose, amounting to 4 million Sudanese pounds in local currency and 21.2 million pounds in foreign currencies.

In the sphere of construction and housing, a sum of 1.4 million Sudanese pounds in local currency has been allocated to permit the training centers to strengthen the unit with trained cadres and to complete construction of the timber workshop and utilize its equipment. Various sums have been allocated for all the activities within this sector.

Provincial Development

This year's total allocations for provincial development amount to 105.5 million Sudanese pounds, including 97.7 million in local currency and 7.8 million in foreign currencies. This is in comparison with 21.2 million million pounds for provincial development in the 1983-84 budget. The sum of 105.5 million Sudanese pounds represents nearly 16 percent of the country's total development allocations.

Following are the details of the development allocations for the provinces and for the national capital, according to the priorities set by the national capital and by the provincial governments:

A sum of 8.2 million Sudanese pounds in local currency has been allocated for spending on the police, firefighting and prison projects, for assessing haphazard residential expansion, for bolstering the Koran memorization schools, for building workshops, for importing equipment pertaining to health affairs and for covering the needs of the other commissions.

Eastern Province

A sum of 6.9 million Sudanese pounds in local currency has been allocated to meet the province's needs in all spheres.

Kordofan Province

A sum of 8.2 million pounds has been allocated in local currency to develop the livestock resources, to subsidize the chicken and fodder farms, to complete construction of the hospitals in the medical centers, to develop education at all levels, including the vocational training centers, and to implement the water supply and city electrification projects.

Darfur Province

This province's allocations amount to 10.4 million Sudanese pounds in local currency to spend on improving the agricultural projects, to construct al-Fashir airport, to enhance education, the youth centers and environmental health and to expand the hospitals.

Central Province

The allocations for the Central Province amount to 8.3 million Sudanese pounds in local currency to cover the province's contribution to the popular development projects, the Islamic Development Company, the firefighting projects, the prison projects, the agricultural services and the jungle and livestock resource projects as well as to the projects to assess and enhance health, education, water and electricity services and to participate in the construction of consumer cooperatives, warehouses and cooperative training centers.

Northern Province

A sum of 8.2 million Sudanese pounds in local currency has been allocated for this province to spend on the chicken farm projects, to improve livestock health, to purchase water pontoons, to supply water to the countryside, to build and maintain dirt roads, to purchase new equipment for the hospitals, to complete the secondary schools, to bolster the self-help schools, to complete the Nile Theater and also to complete the projects under construction.

Bahr el Ghazal Province

A sum of 7.5 million Sudanese pounds has been allocated in local currency to spend on the projects for livestock, fish and forest development, to conduct further studies and research in the various spheres to increase productivity and production and also to spend on the police, prison, firefighting and local government projects and on all of the province's service projects.

Upper Nile Province

A sum of 6.9 million Sudanese pounds has been allocated for this province in local currency to meet the needs of providing agricultural and veterinary services, to set up a number of model projects and spend on the projects for transport and highways between the province's cities, in addition to supplying some machinery and equipment, supplying electricity and water and meeting the province's various service needs.

Equatoria Province

A sum of 7.8 million Sudanese pounds has been allocated in local currency to complete the projects currently under construction and to enhance various services.

It has been noticed that whereas the total sum proposed for remittances to the provinces to participate in the various spheres of development amounts to nearly 72.7 million pounds, the remaining proposed allocations for provincial development, amounting to 32.7 million pounds, are equal to the cost of the projects to develop the education, health and security services which were under central control until the past fiscal year. It has been decided to transfer the control of these services to the provincial governments and to the National Capital's Commission in order to bolster the progress of the provincial government.

Out of the political leadership's appreciation of the special circumstances facing the southern provinces, a political declaration of amnesty was announced a few days ago welcoming all citizens without any restriction other than love and loyalty to their country. An honorable directive has also been issued for formulating an urgent aid program for these provinces to speed up the restoration of normal life to their services and production utilities. We have actually prepared this program.

Private Sector

The 3-year investment program has devoted attention to the special position which must be occupied by the private sector. Accordingly, contacts have been held with all the countries and organizations so that the private sector may prepare a modernization, rehabilitation and restoration program that points out the sector's needs and priorities within the framework of the national line so that we may exert as much effort as we have exerted in the public sector to strengthen the private sector's development. On the other hand, the reexamination of the investment law and the signs of the Islamic awakening, embodied in the big reduction in the tax burden through payment of the alms tax, will constitute a practical and blessed incentive for private investment.

Foreign Account

Mr Speaker, the main strategy on which the estimates of the foreign currency budget for fiscal year 1405 of the Hegira are based is the strategy of carrying on with the implementation of the declared strategies included in the comprehensive political program and in the economic development and revival program and of gaining further confidence from the outside world by finding acceptable formulas for structuring the foreign debts and, at the same time, of insuring the flow of more aid in the form of grants and soft-term cash and in-kind loans. Following are the main components of the foreign account:

Final Budget (in Millions of Dollars) for Fiscal 1405 of the Hegira:

| Available Resources | | Uses | |
|---------------------|--------------------|------------|-------|
| Exports | 710 | Imports | 1,655 |
| Revenues | 280 | Payments | 433 |
| Remittances | 802 | Interest | 520 |
| Withdrawals | 534 | Repayments | 544 |
| Deficit | 826 | Total | 3,162 |
| Total | 3,152 | | |
| Deficit | 826 | | |
| Debt burden | 630 | | |
| reduction | | | |
| Financing | 196 (expected net) | | |
| gap | | | |

Exports

The export estimates for fiscal year 1405 of the Hegira amount to \$710 million. Cotton exports are estimated at \$327 million or 46 percent of the revenues of the total exports. This increase in the cotton export revenues in comparison to last year is attributed to the rehabilitation of the irrigated sector and to the supply of the basic production requirements, in addition to the drop in the revenues of most of the other exports as a result of the meager rains and the desertification which has afflicted some areas that produce these crops, especially in

West Sudan. In this respect, our policy continues to be the policy of eliminating the obstacles facing the production sector.

Imports

The total spending on imports in fiscal year 1405 of the Hegira is estimated at \$1,655 billion, which provide for spending on the following fundamental items:

- A. Central Development and the self-financing units.
- B. Current purchases to meet the citizens' essential needs, such as oil, wheat, flour, medical drugs and production requirements.
- C. The machinery, spare-part and raw-material needs of local industries.
- D. The private sector's imports of non-luxury and essential goods.

Therefore, the state policy will continue to be the policy of streamlining the spending on imports and of confining it to capital, semi-processed and important consumer goods.

Alleviating Debt Burden and Managing Foreign Debt

These aspects have witnessed an important movement in the direction of rescheduling Sudan's foreign debts. In May 1984, Sudan's debts payable to the Paris Club group of countries in 1984 were rescheduled in such a way as to reduce the debt burden by nearly \$63 million. As a result, it is expected that this agreement will help the effort to attract more loans and aid from the sisterly and friendly countries to meet the essential spending needs.

For further coordination and better utilization of foreign aid, the Commodity Aid Committee was formed and this has helped greatly in organizing and following up on the utilization of the aid advanced by the various countries and by the international and regional organizations.

Regarding the repayment of debts and the management of the foreign debt, the General Directorate of Foreign Financing of the Ministry of Finance and Economic Planning has been formed to supervise completely all matters pertaining to the foreign debt in terms of following up on withdrawals from the loans and on the repayment of payable debt installments and debt interest. This directorate has begun its work with financial and technical support from the World Bank and the IMF. It is worth noting that this directorate will assume the responsibility of supervising all elements of Sudan's foreign indebtedness and will submit periodic reports on the foreign debt situation, including withdrawal and installments repaid on schedule.

It is well known that the foreign debt volume amounted to nearly \$8 billion by the end of 1983.

Mr Speaker, I opened my address by saying that his excellency the leader president has described this budget as a budget of the banner of "there is no god but God." This description is not a slogan. We have exerted strenuous efforts to be guided by the values and the message carried on this banner and we want you to share the efforts and the determination. For many years, our country continued to rely on foreign aid for more than one-third of its budget, and this is something that is incompatible with our values, our way of life and the banner we carry. If our problem is a problem of excessive consumption at the expense of production, then this is destructive. If it is inadequacy or failure to put out efforts, then it is perditionous. If our problem is the mis-planning and mismanagement of public money, then it is reprehensible. Whatever the problem, we have asked the people to pay repeatedly and this is reprehensible and it is time for us to stop.

Announcement of the alms tax has removed from the shoulders of all taxpayers heavy financial burdens. The exemption limit has been raised to 200 pounds a month and the Shari's has codified the alms share in crops, livestock and trade. Trade and investment activity in all the spheres of industry, agriculture and real estate will enter an era of prosperity and profit whose public burden does not exceed 2 percent, compared to what amounted to a 60 percent profit tax in the past. This budget welcomes this loss for the sake of the sublime concepts of building the national capital that yields abundance and blessings to the entire nation.

To achieve solidarity and justice, the bases of justice and goodness steering the effort of the committee for reviewing the wages and service conditions move in the direction of establishing minimum and maximum limits on differences in incomes. [Word indistinct] that tend to move the single society in a single direction. It will also care for the retired who have spent their youth serving society. This budget has made its allocations to meet what the leadership decides in this regard.

Preparations have been made in this budget to face any developments required in the position regarding the phenomenon of drought and of the lack of water and food that has afflicted numerous dear parts of our country. If tradition says that we should face catastrophe humbly, then tradition also says that we should take precautions and should not throw ourselves into perdition. Let us beseech God sincerely to lift the catastrophe and let us manage our situation with precaution.

Because the issue of defending the homeland and the faith and the issue of food security for both man and animal in large parts of our country constitute in this delicate phase the top priority in all directions of our life, this budget has been founded on the basis of the current situation of these two important issues. We will reexamine all the bases and commitments should the situation in either issue deteriorate, God firbid, to the degree that affects our fundamental assumptions.

In the year of training when the development of human resources takes priority in our programs, we will provide within the limits of our resources whatever helps create the man capable of confronting life armed with the instruments of work so that he may gain self-esteem, honesty, love of work and altruism.

Mr Speaker, this generation of the sons of the Sudanese nation has confronted tremendous issues since it achieved the independence. It has built means of transportation, the railroad extensions, al-Rusayris and Khashm al-Qaryah dams, al-Junayd and Halfa al-Jadidah plants, al-Suki, al-Rahad, the miracle of Kinanah, the wonderful Port Sudan-Khartoum highway, Northwest Sannar, 'Asalayah, the textile plants in the public and private sectors, the Niyala-Kas-Zalingei, Khartoum-al-Duwaym and Kubra al-Jawf highways and the various bridges and airports. It has achieved the educational and health revolution, has led the political struggle and has fought and strived to entrench the bases of the comprehensive political revolution. Though the economic and political circumstances have imposed on this generation the battles of building and survival, this generation will inevitably strive -- having striven to build life as the successor to his Creator on this earth -- to fulfill itself so as to achieve the benevolent hereafter. This generation has chosen for itself the course that it has accepted out of its free will and its faith, knowing from the lesson of history and sacrifice and patience expected of it in order that it may raise the edifice and overcome all obstacles and all the financial consequences with their temporary impact in order to win the future.

Mr Speaker, his excellency the president of the republic said at the monthly meeting held on the 21st day of the month of Dhi al-Qi'dah:

"This year's budget is devoid of the usurious interest rates and of the alcohol excise tax and their revenues and is tied to the Hegira calendar. It is thus the first budget in the era of our return to God and the first budget freed of the devil's talons and of the temptations of the evil-exhorting spirit. We beseech God to make it a good and blessed budget bearing great fruits and to make every piaster it contains a source of blessing and abundance. We beseech God for acceptance, and God's peace, mercy and blessings be upon you."

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AL-BASRAH MILITARY CONDITIONS, SUPPORT FOR IRANIAN OPPOSITION CITED

Beirut AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 385, 23 Sep 84 pp 38-40

[Article by Nawfal Daw: "AL-NAHAR AL-'ARABI WA AL-DUWALI on Iraq-Iran Front: Iraq Prepared To Confront Expected Offensive and Does Not Find Preemptive Strike Against Iran Unlikely"]

[Text] Iran -- Talk about the possibility of a new offensive by the Iranian forces against the Iraqi forces has intensified recently, especially in the wake of assertions to this effect by Iranian political and military leaders. However, the situation on the front lines between Iraq and Iran has not gone beyond the framework of limited military operations for months, thus giving the impression that the Iranian threat of a new offensive may not be more than a maneuver to affect the Iraqi forces' morale, at least in the near future. In this regard, a high-ranking Iraqi military officer has told AL-NAHAR AL-'ARABI WA AL-DUWALI, which visited Baghdad and toured al-Basrah and Maysan fronts, that the Iranian offensive is like the story of "Juha and the sheep," with Iran talking repeatedly of an offensive it plans to launch against Iraq but without carrying out its threats, waiting meanwhile for the right time to surprise the Iraqi Army.

To familiarize itself closely with the military situation on the Gulf front and to convey a clear picture of this situation to the reader, AL-NAHAR AL-'ARABI WA AL-DUWALI toured a portion of the common border between the two warring countries at a time when the Gulf war entered its 5th year.

The tour began with Baghdad, the capital of Iraq, where life is normal with nothing disturbing its tranquility. But the people's conversation proves that the Iraqis are living nowadays in a wartime society mobilized in the interest of confronting the Iranian Army. "All are soldiers, even the civil servants, because every act carried out by an Iraqi citizen these days is a contribution to the war against Iran." These are words you hear wherever you go and by all civil servants, employees and workers.

Despite the interest of the Iraqi Ministry of Culture and Information in our visit, travel to al-Basrah, the city close to the frontline with Iran, requires the approval of military intelligence, which we got 24 hours after we applied for it.

We then proceeded from the Iraqi capital in a civilian vehicle in the direction of the city of al-Basrah. We crossed nearly 600 km without a stop in more than 7 hours. The vehicle was used for transportation because the leadership decided not to use a helicopter for "security reasons." From Baghdad to al-'Aziziyah and to the city of al-Kut, you notice that anti-aircraft weapons, including heavy machine guns and surface-to-air missiles, are installed as a precaution against any Iranian air raid. These anti-aircraft weapons are positioned mainly around military concentrations and installations and around economic installations, such as factories and power plants. After the city of al-Kut, you got to 'Ali al-Gharbi, which became famous more than 4 months ago in the wake of the violent air raids carried out against it by the Iranian Air Force. Bombs have demolished most of its mud houses, which cannot withstand light weapons to start with. The large-scale destruction is evident but its impact is alleviated by the start of repair operations. You ask the town inhabitants about the repairs they are making and they answer: "The government pays and we have to work to rebuild what the Iranians have destroyed. We are from this land and we are not prepared to abandon it to the Persians." The town after 'Ali al-Gharbi is al-'Imarah, which is famous for the agricultural style of its inhabitants. This style is compatible with the nature of the land where there are numerous lakes. According to the military guide who was assigned by the Iraqi command to accompany AL-NAHAR AL-'ARABI WA AL-DUWALI on its tour, al-'Imarah is like the Deversoir gap, meaning that the Iranian forces were able at a previous time to penetrate its rear lines in an infiltration operation which succeeded at the outset. But the Iraqi forces were able to repel the Iranians and to chase them beyond the international borders where the current Iranian positions are located.

The vehicle continues to cross the vast desert on a highway with a width of more than 15 meters to reach the town of al-'Aziz on which the Iranians focused their attacks at one time because of its strategic importance and because of its significant geographic location on the Iraqi reinforcement lines along the main Baghdad-al-Basrah highway. In fact, the Iranian forces were able to reach the town and to move close to the highway, cutting off with their various weapons the main reinforcement route for the Iraqi forces. But the Iraqi forces regained the said area in a counterattack which they carried out a few hours after the Iranian attack.

Important of Bridges

The town after al-'Aziz is al-Qurnah, which also falls within the military area that passes through a series of Iraqi towns that have been and continue to be the focus of the Iranian forces' operations against the Iraqi Army. This is why the town of al-Qurnah witnessed the infiltration of nearly 100 Iranian soldiers using small boats to cross the marches that separate the town from the Iraq-Iran front. The Iraqi Army confronted the infiltration at the time but despite this, 15 Iranian soldiers were able to enter the town of al-Qurnah where they carried out a small-scale operation after which they were forced to withdraw to the front line. Our military guide said that the purpose of this Iranian infiltration was to establish a bridgehead and to

prepare the way for the Iranian Army to launch a flanking operation intended to besiege the city of al-Basrah in the latest offensive launched against it a few weeks ago. By moving on toward al-Basrah, one understands the importance that the Iranians attach to this area, especially since it contains a large number of main bridges used to cross over the Tigris and Euphrates rivers that meet to form Shatt al-'Arab near the city of al-Basrah.

But the Iraqi forces are also aware of the importance of these bridges and of their survival. This is why a large number of antiaircraft weapons have been installed around these bridges in a manner that makes it difficult for any Iranian military aircraft to penetrate their fire and destroy the bridges. Despite this, all precautionary steps have been taken for emergencies. In this regard, a passer-by notices that an enormous military vehicle is parked next to each bridge, carrying gigantic iron bridges that can replace the original bridges in case they are destroyed.

On the way from Shatt al-'Arab to al-Basrah, one notices more than 200 civilian ships that have been stranded in the said area for a long time as a result of the war.

On the banks of Shatt al-'Arab, there are gigantic Iraqi Army fortifications interspersed with observation points atop dirt hills built for this purpose.

Tour in al-Basrah

Because we had left Baghdad at about 1000, we arrived in the city of al-Basrah just after 1700. A first glance at the city gives an idea of the state of war under which it lives. Its streets are empty, except for the sandbags that rise in front of shops, hotels, official public utilities and homes as a protection against shrapnel from the shelling. We spent our night at the Sheraton Hotel in al-Basrah in the hope of visiting the Iraq-Iran front on the following morning.

We woke up to the sound of explosions whose nature we could not find out. In Iraq, no military information is given by any source other than command communications announced by the official broadcasting station. This is why we had to wait until the next day to find out from the city inhabitants or from the papers or the radio. With the break of dawn, the Iraqi broadcasting station announced that the residential sections of al-Basrah had been exposed during the night to Iranian shelling which lasted until dawn, killing three civilians and wounding two others. The said shelling coincided with military operations on the Iraq-Iran front in al-Basrah sector!

While talking about the shelling, we were notified that the visit to the front might be delayed a little because new arrangements had to be made and the Armed Forces General Command in Baghdad had to be contacted due to the existing military situation. Permission to proceed was delayed because the day of our visit coincided with al-Adha holiday, which is an official holiday. At nearly 1500, an Iraqi Army major arrived at the hotel where we were staying, bringing with him the higher command's approval of our request to visit the front in al-Basrah

sector. Considering that an ordinary familiarization visit takes more than 5 hours, it was decided to make the visit on the following morning and that we would spend that afternoon on a tour of the city of al-Basrah.

25 Million Date Palms

It is natural that al-Basrah's streets would be empty, not because today is a holiday and not because the city is only a few kilometers from the front but because its quarters had been subjected to shelling during the night. Traffic is almost nonexistent, except for military vehicles and columns moving between the front and the interior. High walls of sandbags rise adjacent to the sidewalks in front of shops and establishments.

On the outskirts of the city, where there are nearly 25 million date palms, one finds mud and reed huts inhabited by those whose homes have been destroyed by the Iranian artillery shelling or by the successive air raids. It is also to be noted that wherever you move in al-Basrah or in the other Iraqi cities, you see hundreds of written posters and raised slogans, all supporting Iraqi President Saddam Husayn and his leadership and denouncing the "fanatical Persian aggression" against the "Iraqi revolution's accomplishments."

All this does not, of course, quench the thirst to see with one's own eyes the truth of what is happening on a military front from which issue conflicting reports on the progress of the battles and on the deployment of the forces, according to the information sources and to the military communiques. This is why AL-NAHAR AL-'ARABI WA AL-DUWALI was determined to penetrate as deeply as possible into the front lines. On Thursday, 6 September 1984, we had our wish.

At the Front

You cross a vast desert in a military vehicle belonging to the Iraqi Army. The vehicle's original color has disappeared under a layer of mud with which it has been covered for camouflage. Vision is almost impossible through the front and back shields for the same reason, especially since the glass reflects the sunlight, thus making it easy for the other side to detect military targets. We traveled for nearly an hour between the city of al-Basrah and the front lines. One descends from the car to the entrance of a trench that is more than 2 meters deep and begins his "underground" tour, and the only things you see are military men rushing to assure you that they will stay in their trenches to confront the "Magians," regardless of the consequences. You ask them questions and they turn every question into loyalty to the "Leader President Saddam Husayn." Regarding the military situation on the front, they answer you without hesitation: "Making statements is not within our purview. We have a command that can supply you with the information. What we can say is that we will stand fast and will not move."

Al-Basrah front stretches for tens of kilometers and fire exchange is confined to a small part of it. You ask about the reason for the limited scale of military operations and you are given different answers.

One soldier said: "We have been able to exhaust and tire the Iranian Army. The Iranians are capable of engaging in no more than some provocations which we stamp out effectively and strongly." A noncommissioned officer believes that the reason is due to the inability of either side to advance by land as a result of the swamps separating their positions and of the water body that is growing larger, especially in the lakes [al-ahwar] area.

You continue your walk in the trench, which seems endless. You pass by heavy antiaircraft machineguns and SAM-9, SAM-8 and SAM-6 and other radar-guided surface-to-air missiles and towed mortar guns. You express your wish to raise your head and the Iraqi military men advise you not to fulfill the wish "because the Iranian positions are higher than the desert level. They are now deployed in mountain areas." Despite this, your "nosiness" and your desire to know urge you to steal some glances. There is a long line of dirt and sand hills that rises and disappears with the horizon. It is no more than 100 meters away from the trench in which the Iraqis are positioned. You ask how far the Iranian positions are from this line and the Iraqis answer: "More than 300 meters." Regarding the military operations carried out these days, an Iraqi officer said: "The situation is close to stable if compared with the days of the violent attacks and battles. But it is not completely free of some small-scale operations carried out by individuals or by the patrols and various weapons of the Iraqi Army."

Regarding the talked-about Iranian offensive in light of the situation existing on the ground, the officer said: "The situation which we are in may not be a model for the future situation because each side is preparing for new action. The Iranian preparations for the offensive continue and the 'Khomenite' statements are no joke. We, for our part, have made enough preparations to crush the attackers and we are making further preparations because we seek to turn the new Iranian offensive, with action and results, into the end of the present regime in Tehran."

You continue the tour and see nothing new: desert around you, a trench in which you walk without seeing its end and soldiers in constant motion, some of them cleaning their rifles and some adjusting the positions of their guns. From time to time, you hear intermittent explosions and bursts of fire from medium and light weapons.

You move from the front trench to a rear line parallel to the front line where military vehicles of all kinds, including tanks, tracked vehicles, trucks, tanker trucks, jeeps carrying medium weapons and other vehicles are positioned. The troops' morale is the same. You ask a high-ranking officer: "Do your soldiers receive political instructions?" The officer answers: "They need no political instructions. Four years of life in the trenches to confront the Iranian enemy are enough. The political leadership rewards the military. Every conscript in the army receives a plot of land initially, with a house to be built on it later. This is in addition to a new car."

The third line is the artillery line and is nearly 800 meters from the second line. Heavy artillery pieces of various calibers and a number of antiaircraft

machineguns are positioned on this line, in addition to special positions for military personnel specialized in using the shoulder-launched SAM-7's.

You conclude your tour of the advanced positions of the front without fully understanding the true nature of the situation. The movements are made cautiously and carefully and it is impossible to observe accurately in a situation of continued exchanges of fire between the Iraqi and Iranian armies. You look for a way to make the picture clearer and you are left with no option but to interview a high-ranking command officer in the sector.

Commander of III Corps

Circumstances permitted AL-NAHAR AL-'ARABI WA AL-DUWALI to interview Staff Maj Gen Mahir 'Abd-al-Rashid, the commander of the Iraqi Army's III Corps, which is in charge of al-Basrah sector. The interview was conducted at the headquarters of al-Basrah Sector Operations Command. The questions and answers went at times beyond the narrow military framework to touch on some political positions toward the Iraq-Iran war.

Staff Maj Gen Mahir 'Abd-al-Rashid said: "We do actually expect an Iranian offensive that may be launched against al-Basrah sector or against other sectors, but not in the next few days. The offensive may be timed for the next weeks, even months."

Regarding the reason for the delay in the offensive, the Iraqi commander expressed his belief that several factors operate within this framework, especially the worsening Iranian internal political and military conditions, the growing popularity of the opposition and the reflection of this popularity on the present regime's ability to gather conscripts to fight against Iraq, the intensifying opposition in Kurdistan and Baluchistan, the critical economic situation in the wake of the blockade imposed by Iraq on the Iranian oil export ports and the existing international anger against Iran, not to mention Iraq's military strength and the constant readiness to confront any new offensive in such a manner as to guarantee that the Iraqi deterrence will be stronger, harsher and more effective than before.

As to whether his statements implied the possibility of striking civilian areas and economic facilities deep in the Iranian heartland, Staff Maj Gen Mahir 'Abd-al-Rashid said: "You get the answer to this question from the political leadership. What I can say is that Iraq has gotten the world accustomed to its not breaking promises or commitments. Iraq pledged sometime ago not to hit the civilian areas. But in case Iran carries out its expected offensive, Iraq must turn this offensive into the end of the war."

When asked about the source of Iranian weaponry in the context of the deteriorating relations between Washington and Tehran, the Iraqi military officer said: "It is no longer a secret to anybody that Israel supplies Iran with Western-made weapons, in addition to supplying it with Israeli-made weapons. I regret to reveal to you that the Iraqi Army seized in the past 2 weeks

Iranian military equipment originating from Syria and Libya. But all these weapons remain useless to Iran because of the lack of ability on the part of the Iranian Air Force, against which Iraq has been able to decide the situation."

Regarding the reason for Libya's and Syria's supplying of weapons to Iran, the Iraqi commander said: "You are Lebanese and you should understand the reason without any explaining it to you."

Regarding the Arab countries that support Iraq militarily, Maj Gen Mahir 'Abd-al-Rashid told AL-NAHAR AL-'ARABI WA AL-DUWALI: "At the outset of the war, volunteers from Sudan, Egypt and Lebanon, opponents of the Syrian regime and others participated on our side in the popular army only. But I can say now that not a single non-Iraqi military person is fighting within our ranks. But, we are prepared to support any Arab country asking us for military aid."

As for the Soviet role in the Iraq-Iran war, the commander of the Iraqi III Corps acknowledged the presence of Soviet experts who train the Iraqi army in the use of Soviet-made weapons. But he denied strongly that the Soviets have any other military role in planning the war, in dictating the method by which the weapons which belong to Iraq may be used or in determining the time and place for the use of this weaponry. As to whether the Soviet Union is the only country currently supplying Iraq with weapons, Maj Gen 'Abd-al-Rashid said: "This is not a rule, as evidenced by the French-made Super Etendard aircraft, as an example. Iraq acquires weapons compatible with the results it seeks to achieve."

Commenting on Iraq's occupation of part of Iraq's territories, the commander of al-Basrah sector said that the parts occupied by the Iranians are very small and that the continued occupation of Iraqi lands is very difficult "because even though we are advocates of peace, we act on the basis of the proverb: insofar as our land is concerned, force marches first and right marches behind it."

Regarding the possibility of Iraq carrying out a preemptive strike to foil the expected Iranian offensive, 'Abd-al-Rashid said: "We are fully prepared for this and we await a signal to this effect from the general command, which alone has the right to make a decision on this issue."

Regarding the human losses resulting from the war in the past 4 years and until the present, the commander of the Iraqi III Corps said that Khomeyni has admitted that more than 200,000 casualties have been suffered by the Iranians. For our part, I assert that the casualties do not exceed one-tenth the Iranian casualties."

Regarding the Iraqi military role in striking Iran from within, 'Abd-al-Rashid said: "We support the Iranian opposition militarily so that it may gain strength and strike at Khomeyni's regime. At present, this opposition is as close as possible to achieving its political aspiration through full coordination with Iraq and with all the countries that want good for the Iranian peoples."

There remains the question raised by any political or military observer, namely: Can the 5th year of the Iraq-Iran war be the final year of the war or will the Gulf war enter the record of the wars of attrition that begin but have no imminent end in sight?

Staff Maj Gen Mahir 'Abd-al-Rashid, the commander of al-Basrah sector, says that the decision and, consequently, the end of the war are imminent, considering the political, economic and military conditions existing among each of the two warring sides. But the question mark continues to be the international calculations and to what extent these calculations will permit one side to overcome the other.

8494

CSO: 4404/34

MAPAM POLICY ON OPPOSITION, PALESTINIAN ISSUES OUTLINED

Jerusalem AL-BAYADIR AL-SIYASI in Arabic No 119, 22 Sep 84 pp 22-24

[Interview with MAPAM Secretary General Victor Shem-Tov: "Mutual Recognition Of the Right to Self-Determination By Israel and the Palestinian People"]

[Text] AL-BAYADIR AL-SIYASI conducted the following interview with MAPAM Secretary General Victor Shem-Tov the day after his Knesset speech in which he came out in opposition to the National Unity government.

On the eve of the Israeli elections, no one in Israel would have believed that one of its more surprising results would be the emergence of Victor Shamtuf as head of the opposition to President Perez's government, since for many years Shamtuf had been a major partner, with Perez, in Ma'arakh.

There is no need to introduce Victor Shem-Tov to the Palestinian reader, since he is the leader of the party which supports peace and the Palestinian people's right to self-determination. This party is now heading the opposition, but there are strong possibilities of its becoming a partner in another government in the near future and renewing its alliance with the Labor Party. We thought it appropriate to begin our interview with an explanation of the differences between MAPAM and its partners of yesterday and adversaries of today, who might be its partners of tomorrow in a little while.

[Question] How would you define the differences between yourselves and the Labor Party?

[Answer] We have reached a critical point. The moment the Labor Party decided to go over to a coalition government with Likud, our paths parted. We believe that a coalition government between Likud and Ma'arakh will inevitably lead to a serious distortion of Likud-Ma'arakh differences. Likud is a force which does not recognize any Palestinian right to any of the territories which we now hold. Ma'arakh believes that such a right exists, and that large parts of the occupied territories must be returned. Which parts? There has been much debate about this, but the difference between Ma'arakh and Likud is that one has a policy of annexation and the other has a policy which rejects annexation and wants a solution to the Palestinian problem which will not harm Israel or endanger its security. Combined, these

two forces will not take any action, but on the contrary will perpetuate annexation. This is the reason we decided to leave and go sit with the opposition.

[Question] How would you like to organize the opposition? Will you be working with other lists, like the Progressive List [for Peace], or will you emphasize your differences with them?

[Answer] Unfortunately, we have a government with a very broad parliamentary base--97 out of 120 delegates--and a very small opposition. Opposition must never be measured by numbers, but by courage. In light of this small opposition facing a very large government, we will be looking for means of coordination and cooperation within the parliamentary opposition, primarily with factions close to us, by which I mean RATZ, which has four delegates now that Yosi Sarid has joined it. There are six of us, so we can say that there is a group of 10 delegates close to Ma'arakh, all of them having belonged to it before. The issues differ from those of the Israeli Communist Party and the Progressive List. We have qualitative differences of opinion with them which we don't want to emphasize, since they are part of the opposition. We are concerned with stressing the differences between us and the Likud-Ma'arakh government, which is in fact a government of political stagnation, which is something we are opposed to. We will cooperate with it, not on a permanent basis but occasionally, as the situation warrants--such as no-confidence votes and suggestions for the discussion agenda made by the opposition as a whole. But ideology will always be a point of division between us and RATZ.

[Question] Although you do not want to define the differences between yourselves and the Front and Likud, could you explain them to us?

[Answer] MAPAM is not committed, and doesn't want to be committed, to any final model for a peaceful solution between ourselves and the Jordanians and Palestinians. We believe that whoever proposes a final model for a separate Palestinian state, as if it were a final solution, is not furthering peace, but delaying it. There will never be enough Israeli forces who would be prepared to pursue peace on this basis. For this reason, MAPAM disagrees with the Front and the Mi'ari List on this subject. We believe that, as long as we are faced with this government, the practical, urgent thing to do is to create the circumstances which would enable both sides to come together to negotiate. Therefore, MAPAM says that there should be a provisional mutual recognition, between Israel and the Palestinian people, of the right to self-determination, followed by the advent of negotiations without any preconditions, with each side presenting the model it sees fit and negotiations starting on this basis. Unlike the Front and Likud, we want a settlement between Israel and a Jordanian-Palestinian federation. Once the peace agreement is achieved, the clauses of which we will stipulate, and once the West Bank becomes separate, we will not interfere with the Jordanians and Palestinians as to this federation's fate. They can become separate, or change this federation into an independent state--that is their affair. The difference between us and the Front and Likud is that we are not committed to

any specific model, but are open to any possibility which might become a final solution. In addition, MAPAM is committed to the Yariv-Shamtuf clause, which says that Israel has to negotiate for peace with any Palestinian faction recognized by Israel which is ready to conclude a peace agreement with it and to refrain from terrorism. Therefore, we never say that we will never talk with the PLO; we do say that the PLO has members who do not accept the idea of provisional mutual recognition of the two people's right to self-determination, but still adhere to the Palestinian Charter, which speaks of a secular, democratic state replacing Israel. Even though other statements have been made, as long as the PLO is like this, we cannot sit down around the negotiating table and talk. This is where we differ from the Front and Likud, and they know it. We are not afraid of them.

[Question] How do you envisage the future relations between the new opposition and the inhabitants of the occupied areas?

[Answer] Before I answer this question, I would like to say, with reference to the earlier question about whom we will work with, that the ten-member opposition will also cooperate with the serious elements who have stayed with the Labor Party, whose positions on opposition to annexation and the Palestinian issue approximate ours, and who likewise view the Palestinian-Israeli struggle as a conflict between one right and another right, and not as a struggle where all the right is on the Jewish side and none is on the Arab side. Therefore, I am not disappointed about sitting on a ten-man opposition, for there is opposition within the Labor party which will surface. In my opinion, this government will not last long.

The inhabitants of the occupied areas must see and understand that the Jews are not all radicals--that there are also moderate forces seeking a just solution for the Palestinian issue. We also know that the Palestinian scene is not exclusively radical when it comes to the existence of the state of Israel; that there are many Palestinians who realize that the only solution is to accept Israel as an established fact which must be lived with, and to find a solution which will not threaten Israel's security but will usher in a new era of dialog between the two peoples. Therefore, the Arabs of the occupied areas can see, among us, some sign of hope for a settlement, just as we can see, among you, signs of hope that such a settlement is possible.

[Question] What steps will you take to strengthen the dialog between yourselves and the inhabitants of the occupied areas?

[Answer] We have always made efforts to bring about such a dialog, and we are continuing to do so. As MAPAM Secretary General, I have talked with mayors in the occupied areas, and with other leaders such as religious leaders. We intend to strengthen this dialog, since without it, there is sure to be separatism, and no progress will be made. Because we have this transition government, this government of stagnation, we shall deepen this dialog in order to sustain the hope that there will ultimately be a settlement. As I see it, the issue is whether this settlement will follow another round of war, paid for by the blood of both peoples, or whether it is

possible to reach a settlement without another such round. I see a hard year, a year of stagnation, but there is light at the end of the tunnel.

[Question] What do you think of the new government? If it falls, why will it fall, and if it lasts, why will it last?

[Answer] This government is a government of contradictions. It is founded on equality, with each faction having a veto right. For the present, it will occupy itself with solving economic problems, and will keep away from political matters. However, I believe that this is impossible, since economic issues cannot be solved through non-political means. That is, the continuation of the war in Lebanon and the wasting of billions on colonization will inevitably lead to an explosion which will stir up the working masses. The government and Histadrut will clash, since unemployment will be out of control. In addition, once the government is forced to make any political decision, things will explode. This is what happened with the Likud-Golda Meir government in 1972, when Golda Meir accepted Security Council Resolution 242. Therefore, I don't think that this government will last long, since it is walking across a minefield. The hidden struggle between the Labor Party and Likud will continue within the government, disgusting information will leak out, and the one shall denounce the other. The idealism we see nowadays in their hugging and kissing will not last. This government will not be long-lived. In the end, it will have to resign, or be replaced by another, more harmonious and lucid government in which we will participate, or be forced into another election battle.

[Question] How do you think the political map will develop in the long run, in light of MAPAM's split? Might this weaken the left and thereby harm the prospects for peace?

[Answer] I think that the Labor Party's standing alone with Likud means the surrender of the rightist tendency in Israeli society. We have decided to be the standard bearer, and we know that we have our disagreements with the Labor Party. I believe that our hour will come, depending on what might happen in the Arab world. If radicalism is in the ascendancy; if the same kind of mistakes continue to be made; if no one dares to accept reality and declare themselves ready, even conditionally, to recognize the existence of Israel and come forward to negotiate without preconditions; then the internally-fragmented PLO will not dare to adopt any clear-cut decisions, or even to reach any settlement or dialog with Jordan, even about a transitional federal stage to be followed by more independence. This will weaken the Israeli left and the doves. Similarly, the weakening of the Israeli left and the doves will reinforce Palestinian radicalism, a development which we must shatter. Right now I believe that with this government, we are further from destroying this development than we were a year ago. But it will happen.

[Question] Is there any possibility at present that MAPAM will have more contacts with the inhabitants of the occupied areas than when it was part of Ma'arakh? Do you think that MAPAM will try to submit the problems of the occupied areas to Israeli public opinion? Ma'arakh has never been so

inclined. There is virtually no aspect of the Palestinian scene without its problems and issues. For example, this magazine is plagued with distribution problems and the heavy hand of censorship.

[Answer] MAPAM and the Israeli peace camp will fight every infringement on democratic and humane principles. Every people has the right to live the way it wants to, and to exercise its democratic right to free speech and organization. We are not saying this just to be humane--on the contrary, this matter is ultimately in the interest of Israel. The existence of a language in common with the Palestinian people is in Israel's interest, as is drying up the sources of hatred. The Palestinian issue is not merely Palestinian--it is also an Israeli cause. Therefore, we will always react to any oppression, and we have always rebelled against expulsion and all other acts of repression. Thus we have been, and thus we shall remain, as far as possible. However, as far as we can see, everything depends on just how ready the Palestinian inhabitants of the occupied areas are to give us a sign. However, whenever there are terrorist incidents, and innocents are killed, and racist expressions of hatred for the Jews are heard, could one ever hear the same kinds of response in those areas as one hears among us? Is there a Palestinian "Peace Now" movement, as there is among us? Could hundreds of thousands of people ever demonstrate the way we did after the Sabra and Shatila massacres? I realize that we are in a better position, being the masters of the occupation. We are the dominant people, and you are the oppressed, occupied people. Therefore, it is hard for you to talk about humanity the same way we do. The sensible ones among us lead the sensible ones among you, and the radicals among us stir up the radicals among yourselves. Therefore, the question is to smash this vicious circle.

[Question] This answer is related to what you said about the PLO. Perhaps Yasir 'Arafat, because he is familiar with the Israeli situation, knows that there is no sign.

[Answer] I cannot disregard 'Arafat's difficulties. But I look at the situation from the standpoint of the needs of both peoples: the Palestinian people, who are tired of being an occupied people, and the Israeli people, who are becoming exhausted by being the occupiers. Policy is not an insurance company; every side has to put up with the dangers. Before the Beirut war, Yasir 'Arafat may have had to make decisions about the schism within the PLO. Just as he has domestic problems, we have them too. Look at our situation. Because we recognize the Palestinians' right to self-determination, oppose the occupation, and demand the return of the occupied areas, we pay the price at the elections. We are detested. They call us the PLO's men. But we dare to do this, because we believe that such courage must be present among the political leadership. If the Palestinians do not take a chance, creeping annexation will continue, occupation will continue, the rightists among us will get stronger, peace will become more remote, and further rounds of war and bloodshed will arise.

[Question] How did you react to Ariel Sharon's coming to the fore in the new government?

[Answer] In my speech to the Knesset, I said that Shimon Perez's reconsideration of Ariel Sharon was enough to make me vote against the government and break away from Ma'arakh. The Kahan Commission passed a unanimous verdict disqualifying him for membership in the government. Begin did not dare flaunt this verdict too much, but put Sharon in the corner, as minister without portfolio. Shimon Perez agreed to pardon Sharon and make him an important minister in the National Unity government with the approval of the Labor Party. He is now a member of a small ministry which makes decisions on political matters, colonization, and the progress of peace. By making this move, Perez attested to Sharon's integrity and restored his standing. I did not think Perez would pay this price in order to form the cabinet and become head of government instead of Sharon, which is what Sharon wanted.

[Question] Let's go back to the differences between you and the Front and the Mi'ari List. Why do you support the idea of a federation, instead of a Palestinian state?

[Answer] It is correct to say that we prefer a federation or confederation over a separate state, because the problem of the refugees and how to handle them remains a time bomb. However, in a Jordanian-Palestinian context, this problem could be solved, with Israeli participation and international help. We feel that there could be no disarmament in a Palestinian state; this would be possible only with a confederacy, and is a condition which cannot be overlooked in the context of a peace agreement and the return of the occupied territories. We believe this is the Palestinian point of view, but the matter concerns the Palestinians, because combining the Palestinians in Jordan with the Palestinians in the occupied territories would unify the Palestinian people, and would lead to a federation or confederation. We believe that this is the solution which will ultimately be realized. However, MAPAM would like to emphasize that once there is peace between Israel and the Jordanian-Palestinian federation, then as long as peace is maintained and the dynamics of peace, not war, are developed, we will respect any democratic Jordanian-Palestinian decision with respect to the common future. If there is a later decision to separate, as long as there are relations between the two, we shall respect the decision on the condition that the Palestinians respect all the clauses of the peace agreement. What we are saying is that there could be a capital which would remain the capital of Israel. We are still considering this solution, because it is a feasible one. MAPAM will never be the sole dominant force in an Israeli government in the foreseeable future, for such a government might consist of Labor, MAPAM, RATZ and rightist circles, none of which would accept this solution because of their uneasiness and fear for Israel's security and future from a third Palestinian state. The powers-that-be are inclined towards the confederate or federal solution, and therefore this is the solution and there is no other.

[Question] We have talked a lot about Jordan, Israel and the PLO. What about Syria?

[Answer] I believe that matters have come to a head with Syria, and that our hand will be forced if Syria decides to conclude a peace settlement. At present I think the possibilities of this are remote. Likewise, I don't feel that our present lines in Golan are permanent ones conducive to a peace settlement.

The question is one of strategy. But, will the peace which might actually be achieved in the Middle East be an American peace, as long as the Soviets are standing behind the Syrians? I don't believe there will be a stable peace connected with an American peace, because there are Soviet interests in the Middle East, and the Americans know this. Any solution which does not take these interests into account will never last. Peace will not come about all at once, but must come in stages, and must have the approval and backing of both superpowers.

As for peace with the Syrians, I think it highly unlikely. The critical, immediate issue is reaching a settlement with Jordan and the Palestinians, which will revive the agreement with Egypt.

8559

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STATUS OF HEALTH SERVICES IN OCCUPIED AREAS ASSESSED

London AL-SAHQ AL-AWSAT in Arabic 24 Sep 84 p 8

/Article: "Health Conditions in Occupied Arab Areas"/

/Text/ In the absence of national sovereignty over occupied Palestinian territory, the Palestinian people are finding fighting means and methods, marked by volunteer cooperation to meet the service and administrative needs to counter the unjust, suppressive methods used by the Zionist enemy to drive the Palestinian Arab people from their homeland and keep them a prisoner of neglect and subjugation.

The Union of Palestinian Medical Aid Committees is one of the popular foundations created in the occupied homeland as an objective necessity decreed by conditions that are causing the health of the Palestinians to deteriorate, going from bad to worse. Anyone who follows the years consecutively from 1967 to the present sees quite clearly the processes of force, prejudice and annexation with which the Arab health foundations on the /West/ Bank and in the Gaza Strip have had to contend.

Closing of Hospitals

The government hospital at al-Shaykh Jarrah in Jerusalem was closed and made into a police station. Also the field hospitals at Ramallah and Nabulus were closed. At the present time the ruling authorities are trying to close the Hospice Hospital in the old city of Jerusalem with their decision to close its surgery section. This decision was preceded by similar decisions in previous years when other sections were closed, public services were decreased, and several of the hospital's specialists were removed.

Also, numerous health centers on the West Bank were closed, beginning with dental clinics, continuing on to cutting the blood bank services in Jerusalem and reducing the number of employees and hours of operation there, and ending with closing the tuberculosis center in the holy city. The remaining Arab (government) hospitals still suffer from a lack of new, modern equipment and are in need of most of the specializations necessary for advancing health services in the area as a whole, to say nothing of raising the rates for treatment at these and using the insurance system, while medical treatment previously was free.

A large group of residents (residents of camps and villages, to be exact) who are the majority of residents, are deprived of basic medical care and proper attention. There are tragic stories of small children who are permanently incapacitated because of a lack of medical supervision and health clinics in their villages and areas. Also there is a large number of children in the villages and camps suffering from malnutrition and anemia and from the spread of contagious and infectious diseases in the areas where they live.

Teams of the Union of Palestinian Medical Aid Committees examined and gave medical aid to more than 10,000 patients in 1983, and the scientific section of the Union made scientific field studies of 2,497 patients in various areas of the West Bank, and the following conclusions were reached:

Field Studies

The Hebron area: Contagious ailments are spreading noticeably in the occupied areas. Perhaps the Hebron area is marked with the highest percentage of these ailments because of malnutrition, polluted water sources, bad social and economic conditions, and backward agricultural methods, in addition to the lack of health and preventive medicine facilities. All this has made the spread of contagious ailments a definite concern.

The following diseases have been documented:

Tonsillitis and middle ear infection--168 children
Contagious skin diseases--51 children
Various diarrheas, worms and parasites--46 children
Mumps, chicken pox, and measles--33 children
Jaundice and undulant fever--26 children
Diseases such as rheumatism--33 children
Anemia and malnutrition--174 children
Other diseases--17 children
Unidentified diseases--22 children

More than one disease may appear in the same child. In such cases they were entered in the statistics separately. These studies included 445 children.

The backwardness that dominates agricultural methods and production and the lack of preventive medical care have made the spread of undulant fever a definite concern, and it has been found that the Hebron area is subject to a high rate of this disease.

An increase in malnutrition and a decline in the health of the public has been noted for both old and young alike. It can be said that a great many children in the Hebron area are growing up in an unhealthy and unsound fashion and that the growth measurements of the children in these areas are considered below normal. Also there is an increase in arthritis in the joints and spine and in rheumatism among the old. This is attributable to the bad living conditions in their crowded, damp dwellings, the absence of health services, poverty and so forth.

Diseases such as gastritis and gastric ulcers, illness of the duodenum, tracheitis, high blood pressure, diabetes and various heart diseases have been recorded. Also, a high percentage of various eye diseases has been found.

The Jericho Area: Union teams examined about 200 patients in the Jericho area and it was clear to them that there is a remarkable spread of contagious skin diseases, worms and parasites in this area. This may be attributed to the economic, health, and climatic conditions that prevail in the area.

An increase in malnutrition among children has also been noted, as well as a general poor health and social situation.

In addition to this there are the following diseases: tonsillitis and inner ear infection in the second stage, disease of major joints and back among the old, skin and intestinal diseases and worms. In the area of 'Ayn al-Duyuk, for instance, it was found that eight percent of the children compalin of worms.

Contagious Diseases

The Jerusalem Area: It can be said, first off, that the Jerusalem area enjoys much better conditions than do the areas of Hebron and Jericho. Despite conditions, there are the same symptoms and contagious diseases that we referred to in the aforementioned areas, but the increase in the spread of disease and symptoms in this area is not clearly apparent. The spread of contagious skin diseases, as well as parasites, in the area has decreased in comparison with the other two areas. However, as a result of the absence of preventive medicine, a number of contagious diseases have appeared in the Jerusalem area, and have been spreading in epidemic fashion. Anyone who watches health conditions in the area sees clearly the spread of infectious diseases.

Two years ago there was a kind of epidemic of poliomyelitis in the al-Thawri quarter, and jaundice has still been evident in villages like al-'Ayzariyah, Abu Dis, and al-Habib in epidemic proportions in the successive years, and no health organization has lifted a finger regarding this recurring epidemic.

Also, rabies appeared last year north of Jerusalem, in the Qalandiyah area, to be exact.

This year 90 cases of chicken pox were recorded in a single bedouin village during a medical aid campaign in 1 day. And there were no less than 30 cases with complications, the more serious of which were bacterial infections resulting from poor care.

In the area of Ramallah and al-Birah there is a different social and economic situation from one village to another, which consequently is reflected in living conditions, in the nutrition of the children, and in overall health in each village, inasmuch as these factors are in sharp contrast. However, the overall statistics in all the villages confirm that all these villages, and some of them do vary in economic and living conditions, are in dire need of good medical care.

About 11.85 percent of a group of children who have persistent ailments suffer from malnutrition, and the following diseases showed up among the young ones, listed according to priority:

- Tonsillitis, inner ear infection and influenza
- Mumps
- Various diarrheas, dysentery, amoebas and worms
- Measles
- Respiratory diseases
- Rheumatism
- Jaundice, typhoid fever, and undulant fever
- Other diseases

Diseases of the old are marked by appearance of arthritis in the joints and back problems, heart disease, high blood pressure, and diabetes.

Series of Observations

The scientific section of the Union of Palestinian Medical Aid Committees observed, in all areas in which there were medical aid campaigns, the following:

The children suffering from tonsillitis are, at the same time, suffering from lymph gland infections in such a manner that the illness has taken on a chronic form. This results from a lack of immediate health care. A child in these areas does not receive medical treatment when he is suffering from tonsillitis unless advanced symptoms appear, which oblige the family to take him to a doctor. And in most cases it is impossible to buy the medicine. So his case may get worse, which is bad for the child, causing the disease to develop into rheumatic fever, causing probable damage to the heart valves, which later on will leave the child subject to constant organic weakness.

Many families do not take their children to the doctor, nor do they buy medicine, because of economic reasons. If there is more than one sick child in the same family, usually the one that is most severely ill is taken to the doctor, and the other children are neglected. If the family does buy the medicine, there is too little to share with the rest of the children.

Unfortunately there is a noticeable increase in drug abuse, especially with antibiotics, without medical supervision.

A marked increase has been noted in mental illness among juveniles, as well as depression and mental stress. Perhaps this can be attributed to the political and economic conditions that prevail in our communities.

--Many of the diseases require first-rate, specialized medical attention, and many require hospital care. But in view of the high costs of treatment at hospitals in the occupied areas, most families prefer, or more exactly, are required to handle the treatment at home.

Perhaps of the disparities that must be mentioned, the occupied areas are set apart in that they alone, among the various developing countries, have the

intestinal diseases and malnutrition side by side with the so-called modern diseases, that is, heart disease, circulatory disease, diabetes, high blood pressure, etc.

The causes of this lie hidden on the one hand in poor living conditions, the decline of health services, and the lack of preventive medicine, and on the other hand in the spread of the manifestations of civilization that are accompanied by constant mental pressure because of the long years in the shadow of the political conditions that pervade the area.

--Arthritis in the joints and back trouble are spreading in remarkable fashion in all areas equally, so that they constitute a very high percentage of illness symptoms. This can be attributed to the following:

- 1--Damp, crowded dwellings.
- 2--Lack of both heating and protection from the cold in winter.
- 3--Neglect of diseases in the past.
- 4--Backwardness in methods of work and agriculture.
- 5--Lack of clinics, health supervision and care.
- 6--Poor nutrition.
- 7--Lack of proper clothing and shoes.

In the village of Dayr Balut, for instance, you cannot find women or children wearing shoes that are proper and in good shape.

Concerning the women, frequent pregnancy without rest, and lack of the necessary rest and recuperation period after each birth constitutes a direct cause of the increase of back and pelvic problems.

Gum and tooth disease is clearly on the increase in this area, and there is no dental care. Tooth decay among the children is rising and the only common treatment for this in the village is extraction. These areas are 100 percent in need of dentists.

Many of the sick still believe in folk medicine, especially "searing." Anyone who visits these villages sees that most of the sick treat their ailments, especially joint, back, and infectious ailments, with searing, which causes new infectious and disease problems.

As for female diseases, they are considered among the diseases that cannot be diagnosed in these areas, since the women prefer the disease to examination by a doctor. On more than one occasion women have been encountered who have been suffering from female ailments for 15 years or more without even once having been examined by a doctor.

The preceding makes clear the magnitude of the effort facing the Palestinian Arab people. In any circumstance it is vital. What is required of the Arab and foreign foundations is that they take up their responsibility in this field, whether it be in extending financial or material aid to the professional medical, pharmacist and dental associations and to the Union of Medical Aid Committees or whether it be the international organizations and foundations looking into the matter of taking on this urgent humanitarian task.

ISRAEL

BRIEFS

ISLAMIC LAW SCHOOL--AL-FAJR has learned that a proposal for an Islamic studies section has been presented to the trustees of al-Najah University, whereby a college of Islamic law would be established at the university. This proposal comes at a time when the Israeli authorities have closed the university, its academic life has been paralyzed, and construction on the university mosque has been suspended. It is worth mentioning that there are four Islamic law colleges in the West Bank, which more than meet the occupied territories' needs in this respect, since those areas' needs lie in professional fields such as nursing, agriculture and pharmacy. [Text]
[Jerusalem AL-FAJR in Arabic 27 Sep 84 p 1] 8559

CSO: 4404/52

BRIEFS

RELATIONS WITH EEC--On 22 October 1984, the first meeting of the joint EEC-Jordan cooperation council will be held in Brussels, at the same time as the meeting of the EEC foreign affairs council. Ever since the financial and technical cooperation agreement between the two countries was signed in 1977, relations between Jordan and the EEC states have been on the upswing, with Jordan being classified as one of those Mediterranean countries having firm relations with the EEC. It has been decided that Jordan's delegation to the joint session in Brussels will be headed by Foreign Minister Tahir al-Masri, along with the minister of industry and trade and the head of the National Planning Council. [Text] [Paris AL-MUSTAQBAL in Arabic No 398, 6 Oct 84 p 54] 8559

CSO: 4404/52

SITUATION IN TRIPOLI CONFLICT SURVEYED

London AL-MAJALLAH in Arabic No 240, 15-21 Sep 84 pp 24-25,27

[Article by Zaki Shihab: "Tripoli Pays Cost of Security Plan"]

[Text] Tripoli -- Blackness is devouring Lebanon day by day. After Black Saturday, the day in which the Lebanese innovation of killing according to identity card spread, there came Black Monday, the day of 6 March 1984 when shells fell on Beirut like rain. Now it is Tuesday's turn in Tripoli, considering that the Tripolitans call the day in which nearly 100 people were killed in lengthy clashes Black Tuesday. The statement made by a western diplomat to AL-MAJALLAH that the "war in Lebanon has not cooled down and has not subsided" is true. What has happened is that the war has travelled from one area to another. The latest and the important trip is the one the war has taken to the north, especially to Tripoli, where a bloody conflict is going on. The two sides openly engaged in the conflict are the Islamic Unification Movement and the Arab Democratic Party. AL-MAJALLAH has visited the "fragrant city," the name the Tripolitans like to call their city, and has recorded the following picture:

She seemed unlike herself, sad and gloomy while absorbing her tragedy and dressing the wounds inflicted by the latest round of violence, with the damage and destruction this violence has inflicted and with the economic and commercial paralysis it has imposed, not to mention the social, living and human catastrophe that has hit hundreds of Tripolitan families who have been made homeless and have been evicted and who have emigrated because of the shelling and of the bloody fighting.

From a quick examination of the list of innocent civilians killed or wounded in their homes by the shelling, it becomes evident that numerous families with all their members were either killed or wounded or were divided into living and dead. Entire commercial markets have been destroyed by the shelling and by the acts of violence. Hundreds of vehicles have been destroyed. The chain of violent shelling stops for a while only to resume. But the latest "party," as described by one of the citizens, did not leave an area or a residential quarter (Latifah and al-Zahiriyah streets, Nahr Abu 'Ali Boulevard, the vicinity of the historical Tripoli Citadel, al-Suwayqah, Bab al-Raml, al-Najmah, Bab al-Hadid, the peripheries of Abu Samra, al-Tall, the main Tripoli Boulevard, al-Mi'atayn, 'Azmi and al-'Ard) untouched, not to mention the popular inner markets which, along with their residences and shops, have sustained heavy

material damage. Numerous homes and apartment buildings have been destroyed and Ba'l Muhsin Quarter has been exposed to similar shelling.

The wave of military evictions and migrations has escalated and extended to include other quarters of the city which have been hit by the shelling. A Tripolitan source has set the percentage of the evacuees at more than 10 percent of the city's population of nearly 700,000 persons. Those remaining in the city have suffered all forms of anxiety and trouble. The tragic conditions in the hospitals have reached indescribable dimensions. The lobbies and vestibules have been filled with the wounded amidst a severe shortage of blood and of medical specialists, especially doctors who specialize in all types of surgery.

An employee of the Islamic Hospital in Tripoli recounts that within 1/2 hour of Black Tuesday, he moved more than 45 persons of various ages, including 4 dead. This employee said: "This is what motivated the hospital management to appeal to the citizens and to the private hospitals and clinics not to move any corpses to the hospital refrigerator because of the lack of space to store them because the refrigerator was already filled with unidentified corpses. The color of the tiles actually mixed with the color of blood. What made things worse were the fragments of human flesh brought to us."

Samir al-Sufi, an ambulance driver, told AL-MAHALLAH that the rescue teams found it extremely difficult to reach the areas of clashes to evacuate the wounded because of the intensity of the sniping fire and of the shelling. The citizens left no means of transportation without using it to move the victims, including ambulances, rescue vehicles and civilian vehicles. Even motorcycles were used to transport some victims to the hospitals.

Comprehensive Tragedy

The tragedy is evident in all of Tripoli's features and what has made it even deeper is that the violent shelling has come from gun emplacements built in the various parts of the residential city, thus exposing the citizens' lives and property to counter shelling.

A lady from al-Rafi'i family said: "I was able to leave my house in al-Zahiriyah Quarter with my family on the dawn of Tuesday when the sounds of explosions and of shelling were at their worst. We spent our night in the car on the sea corniche beyond the circle of shelling. I saw hundreds of cars leaving the city through the southern entrance. It was an unforgettable night." The local Tripolitan circles and organizations fear that the security developments and the continued cease-fire violations will lead to torpedoing the contents of the agreement reached over the security plan for Tripoli, especially since the differences in the viewpoints of the warring parties have reached a stage of deterioration that has been worsened even further by the mutual statements of accusation on the cease-fire violations, by the background of these violations and by the objectives hidden behind these violations. What makes the climate of pessimism intensify is the wave of rumors that have deluged the city, that are circulated by the citizens and that signal the possibility of a large-scale explosion in the city. Meanwhile, no statements have leaked from the leaderships of the parties concerned that either confirm or deny these rumors. This is in addition to other circulated reports about the kidnapping of more than seven of

the city's citizens in 1 day, including Engineer Khalid 'Abdu and two other persons, one of them from the Shammar family and the other from the 'Arab family. Moreover, the issue of a number of Tripolitans who were killed and whose bodies have been found in various places has also intensified. The names of citizens Bassam Dahir (22 years old) and of his wife, 'A'idah al-Sahili, have topped the list of the liquidations, with the husband's body found in Ra's al-Sakhr Quarter, west of the Tripoli-al-Mina' Corniche, with two bullet wounds in the chest and the head, and the body of the wife found on the path to an orchard at the southern end of Tripoli Boulevard. A lady from Kabbarah family has described the crime as "heinous and unconscionable. It is alien to Tripoli's customs and Tripoli's people." Citing some details, Mrs Kabbarah said: "The victim came to be examined by the doctor because she was pregnant. She was recently married. But her traces and those of her husband disappeared as soon as she left the hospital entrance."

When interviewed by AL-MAHALLAH, Shaykh Sa'id Sha'ban, the chairman of the Islamic Unification Movement, hastened to ask: "In whose interest is this brave city being assassinated individually and in groups and in whose interest is it being hit with all kinds of artillery and missiles? This city will not be repaired by a plan applied brutally. The plan to us is to hit the hands of both the big and the small, regardless of what faction or what party they belong to. We must cut off the hands of those who want to impose their plans by force." What about Tripoli's crisis? Shaykh Sha'ban answered: "Tripoli's crisis or problem, if we may use the expression, is a part of Lebanon's problem and is caused by the incurable ideological and moral crisis. The people no longer have a religion in which they believe or morals that restrain the misled souls and that stop them at a certain point. The problem of Lebanon does not lie in the sectarian distribution. Rather, nobody in this country any longer has values in which he believes. We, the Muslims, offer Islam as an alternative to the Lebanese formula. Islam is not our property and we are not its custodians. We offer Islam as an alternative because Islam knows the right of the Muslim and the non-Muslim and respects man and safeguards his rights."

Before he excused himself to perform the midday prayers, we asked Shaykh Sha'ban about who started the sedition in Tripoli. He answered: "Yesterday, an unexploded missile fell. It carried the inscription 'a gift to Tripoli's sons on the occasion of al-Adha holiday.' It is a gift that leaves behind orphans, widows and lost children. It was signed by the Red Knights who were sheltered by Tripoli and who drank Tripoli's water."

We asked: "Is it reasonable to believe that someone or some group would fire a missile and sign his movement's name on it?" (Shaykh Sa'id Sha'ban leaves the place without answering because the time for prayer has come).

AL-MAJALLAH has also had this chat [dardashah] with Mahmud Shihadah and Najah Qaz'awn, the two members of the leadership of the Arab Democratic Party (one of the main parties involved in the conflict in the south):

[Question] What are the real causes that lead to creating tension in Tripoli from time to time?

[Answer] Regarding the latest clashes, they did not come on the spur of the moment but were the result of congestions from which Lebanon generally and Tripoli in particular have suffered, beginning with ideological conflicts and ending with bloody conflicts whose cost has been paid by the innocent. Each of us interprets the cause from a certain angle. But the fact is that there are declared causes and undeclared causes.

[Question] What are the declared causes, for example?

[Answer] The declared causes of the conflict, for example, are the circulated rumors about the attempt of a certain side to control some utility or some quarter or that a certain area wants to control the utilities and fate of the city.

[Question] Do you mean the Unification Movement?

[Answer] The repression, deprivation, isolation and confinement which the citizen or the party member feels and which have been imposed on the citizen and the party member as a result of the failure to open the city's gates to all lead to tension. Tripoli has a special position. In addition to the fact that the city's problem is tied to the local situation, the Arab reality and the Arab disputes cannot be isolated from what is happening in the city. In Tripoli, we were surprised with an explosion at a time when the conditions were quiet and activity normal.

Undeclared Causes

[Question] What are the undeclared causes?

[Answer] The undeclared causes are thorny and complex.

[Question] When one talks about Tripoli, a certain image is painted in his mind, such as sectarian conflict. What is the truth?

[Answer] Insofar as what most of the broadcasting stations say about the conflict in Tripoli being a sectarian conflict, it is totally untrue. There is a political conflict in Tripoli between the Arab Democratic Party which is present in Ba'l Muhsin area, populated mostly by a certain sect [and some other unspecified side or sides]. The party includes elements from all the sects, both at the level of the leadership and of the base.

[Question] How long will Tripoli's bloodshed continue?

[Answer] We would have preferred the struggle to be by peaceful means. We hope that we are achieving at present, in cooperation with Prime Minister Hassan Karami, with the influential leaders in the Lebanese arena and with the Syrian brothers, the end of a phase that has passed.

[Question] Can it be said that the cease-fire agreement declared recently is the final agreement?

[Answer] We hope so.

[Question] There is a suggestion a reconciliation meeting or a northern meeting be held under the auspices of Prime Minister Karami. What is your position?

[Answer] In this regard, we agree to opening up Tripoli and to holding frank reconciliation discussions, considering that a reconciliation is not so unless it is founded on frankness. We do not seek war. Rather, we seek stability for Tripoli. Each of us has dear kinsmen and brothers in Tripoli, as each Tripolitan has dear kinsmen and brothers in the areas where we are present.

Engineer 'Abdallah Yabiti, the political officer of the Islamic Group who visited Damascus in the company of Wasif Fattal and Abu Samir 'Allush, the two members of the Northern Coordination Committee, and met with Syrian Vice President 'Abd-al-Halim Khaddam, told AL-MAJALLAH: "The issue of the Tripoli conflict is long and dates back to an older period. The northern city is considered a firm base in Lebanon. It has a Muslim majority and a history abounding with positions and revolutions since old times. This being its position, it is targeted and has become the focus of the attention of many people. It is not surprising that it has experienced clash after clash, one time under the slogan of the Palestinian-Syrian conflict and another under the slogan of the inter-Palestinian conflict in which the city was used to settle accounts. Now, we cannot resume the clashes in this manner, considering that the Palestinian issue in Lebanon and its conflicts have left only shadows behind in the wake of the departure of the Palestinian resistance from Lebanon after the Israeli invasion. This does not mean that the imprints of some fingers are not still present. But they are not present in a way that permits including the current conflict under this heading of a Syrian-Palestinian or inter-Palestinian conflict. What happened recently has been sudden and violent, especially since the city is characterized by an obvious Islamic quality insofar as this Islamic force's approach toward all the projections in the Lebanese arena generally and in the Tripolitan arena in particular is concerned. Lebanon's abolition of the 17 May accord and its alliance with the Arabs through Syria have had a role in opening the security dossier, which has given birth to the security plan or plans that are the subject of discussion."

[Question] Do you want to say that presenting a security plan for Tripoli is the reason that has created tension in the city's climate?

[Yabiti] Yes, this is what I want to say. The security plan is a new slogan for what is happening in Tripoli. The State of Lebanon and Syria are in a hurry to implement the plan according to what I have pointed out in more than one statement. They are in a hurry to impelment this plan in an effort to close Lebanon's security dossier before the end of the U.S. elections and the formation of the Israeli cabinet. Here, several factors have emerged, contributing to this rush on the basis of subjective starting points pertaining to the presence of the strong Islamic side in Tripoli. Add to this the termination of the role of the leftist parties in Tripoli and their ouster from the city. This is in addition to the attempts of other parties to curry favors with the Islamic current and, consequently, to regain their previous positions. The leaders of these parties have found that by demanding implementation of the

security plan, they serve their allies and provide an inlet for returning these allies to the city now that they have been ousted from it. This is why we find that the tone of sectarian fighting has surfaced rapidly. Here, we cannot but remind those who fight in Ba'l Muhsin, most of whom are not native sons of the area, that we do not reject security for Tripoli, nor does any Islamic side reject it. Rather, we call for and demand security.

Syria's Opinion

[Question] You have met with Syrian Vice President 'Abd-al-Halim Khaddam. What is his opinion regarding what is happening in Tripoli?

[Yabiti] We have conveyed to 'Abd-al-Halim Khaddam our conception of and the background of what is happening in Tripoli, as well as our aspirations and our opinions regarding our presence as Muslims in Lebanon and regarding what is happening in Tripoli, considering that Syria is concerned with all the events developing in Lebanon, and out of our concern for cooperation with Syria because what we ultimately want is to devote our attention to the confrontation with the main enemy. In fact, we have been satisfied with our meeting with the Syrian vice president who has expressed to us convincing opinions and tendencies which we hope will eliminate the injustice inflicted on Tripoli's people so that the city may regain its past and so that its inhabitants may rest and may continue to perform their role toward their people's, their country's, and their nation's causes. Khaddam has condemned the side that ignites the battles and has promised firm and decisive solutions to bring Tripoli tranquillity, considering our tendency toward dialogue and our meeting on the basis of confronting Israel as causes for agreement and understanding.

[Question] The Islamic movements in the city are accused of being behind the creation of the tension that has led to the recent events.

[Answer] The truth is that when we boarded the plane to accompany Prime Minister Karami, we declared our absolute support for security and stated that we are prepared to discuss whatever is capable of entrenching this security. As soon as the plane took off, shells were hitting all parts of Tripoli, even though the contact lines were calm.

Wasif Fattal, a member of the Northern Coordination Committee who, along with Yabiti and Abu Samir 'Allush, met with Khaddam, said: "I am pleased that brother 'Abd-al-Halim Khaddam loves Tripoli, that he is tied to it by blood and family relations, such as al-Salih family, and that he loves the country. He has given us very beneficial advice and information which, in my opinion, has persuaded many members of the accompanying delegation and which is likely to alleviate the tension in the atmosphere."

[Question] What is the most prominent part of this advice?

[Fattal] The approval of a very quick security plan, considering that there are in Tripoli no partisan differences similar to the differences in the mountain or in the coastal areas. What has been mentioned about sectarian differences is very superficial. All the sects and denominations in Tripoli

have been living together for a long time and the northern area has not experienced the tremors experienced in other parts of Lebanon, such as the 1860 rebellion in the mountain and other events. There was even eviction even in the northern (al-Kurah) war. But nothing of the sort has happened in Tripoli where no Christian or Muslim has been evicted. After our meeting with Khaddam, I emerged with the conviction that Tripoli is quickly approaching a security plan.

[Question] When will its implementation start?

[Fattal] No more than 1 month to 6 weeks at the most. Prime Minister Rashid Karami is exerting evident efforts in this regard.

[Question] At what figure do you estimate Tripoli's material loss?

[Answer] At no less than 1/2 billion Lebanese pounds.

[Question] How would you sum up Prime Minister Karami's position toward what is happening?

[Answer] As I have said, he is exerting enormous efforts and he, in cooperation with the president of the republic, will be the only savior.

8494

CSO: 4404/12

CAUSES OF DECLINE IN VALUE OF LEBANESE POUND EXAMINED

London AL-TADAMUN in Arabic No 75, 15 Sep 84 p 64

[Article by Ibrahim 'Awadah: "Lebanese Pound Loses Half Its Value Since Beginning of Year"]

[Text] At the beginning of June 1984, the Lebanese Council of Ministers decided to entrust Judge Joseph Furayhah to launch investigation of the acts of speculation against the Lebanese pound in the Beirut securities market in the wake of the surprising decline experienced by the pound's value as of the end of last May, especially against the U.S. dollar, and in the wake of talk about the presence of an organized "Mafia" running the acts of speculation against the pound.

In the middle of August 1984, Nabih Barri, the minister of state for southern affairs and for reconstruction, summoned Camille Ja'ja', the appellate public prosecutor, to his office and asked him to open a new investigation on the decline of the Lebanese pound's value and to supply him with the initial results within 48 hours, declaring that "the state and the people will not permit as of today the bloodsuckers and those who exploit the homeland and its people to continue to tamper with and control the money market."

Despite this extraordinary official interest in the issue of the national currency, the pound has not found the needed protection in the judiciary's move. On the contrary, the pound's value declined rapidly between the start of the first judiciary investigation, i.e., June 1984, and the announcement of the launching of the second investigation in the middle of August 1984. On 25 August, the dollar price reached the unprecedented record figure of 652 Lebanese piasters, thus registering a drop of 18 percent in the pound's value in comparison with its value at the end of 1983.

Though the Lebanese may have disagreed on many things throughout the past 10 years, they are now united and in solidarity vis-a-vis the decline in the pound's exchange price. This decline means, especially to the people with limited and middle incomes who constitute the main base of the Lebanese people, a drop in the purchasing power of their wages and, consequently, a drop in their living standard.

It is true that the U.S. currency is the strongest in the world at present. It is also true that the dollar is gaining strength in the various money markets,

is benefiting from its high interest rates and from a number of positive U.S. economic indicators, such as the rising national growth rate, the increasing spending, the drop in unemployment and so forth, and is also benefiting from the weakness of the European economies. But it is also true that the rise in the dollar price in the Beirut market by this stunning and fearful rate (44 percent by the end of 1983 and by 18 percent in the first 7 months of 1984) is an unrealistic rise that has no economic and financial justification that is parallel at least to the increase rate. This confirms the presence of non-economic factors behind this unreasonable rise in the dollar value. These elements are embodied in an organized "Mafia" operating against the Lebanese pound.

It is axiomatic that the Lebanese economy is suffering currently from numerous problems as a result of the 10-year war. The production cycle is almost idle, functioning at no more than 25 percent [of its capacity]; inflation has reached high rates (9) percent during the first half of 1984); and the private sector, which used to constitute the mainstay for the national currency, is in an unhealthy condition (35 billion pounds in private-sector debts). Add to this the fact that the state's fiscal position is poor. Consequently, the public debt exceeds 25 billion pounds to date. Moreover, the deficit in the balance of payments exceeded \$450 million in the first half of 1984. The expected deficit in the state's general budget for the current year is likely to amount to 6 billion pounds.

All these indicators, added to the indicators of the strength of the U.S. dollar internationally, act against the Lebanese pound and in favor of the dollar. But this does not explain the dimensions of the collapse afflicting the national currency. The Lebanese pound would not have slipped by this fearfully negative degree if there were not an organized "Mafia" tied to external financial channels and to local political and economic channels that provide this "Mafia" with support and protection in running the speculation operations in the Beirut market to make unreasonable profits, even if this profit were made at the expense of the national economy and of the interests of the poor and middle-income groups. The information being made available to the Lebanese judiciary investigation agencies indicates that the feverish speculation operations occurring in the Beirut market most of the time are behind the decline of the pound's price. However, these investigations have not been able, according to a reliable judiciary source, to determine the identity of the speculators who take refuge under the free economic system adopted by Lebanon -- a system which allows them free movement and enables them to engage in acts of speculation without leaving any incriminating evidence behind.

However, local financial and banking sources speak of the presence of a dollar "Mafia" in Beirut and try to name names. But these circles have not done so yet and are content to make threats without offering any evidence or proof needed to fight the leading figures of this "Mafia" and to enable the judicial agencies concerned to take deterrent steps against them. Moreover, the Central Bank of Lebanon has failed to supply the judicial agencies concerned with investigating the acts of speculation against the Lebanese pound with information to enable the judiciary to expose the identity of these speculators. There are those who say that a number of the bank's prominent officials who work in the

Currency Directorate are involved in the dollar game, especially since the currency director himself conducts his work from one of the commercial banks, which is in violation of the law and of the regulations of the Bank of Lebanon.

While waiting for the outcome of the judiciary investigations, on which not much hope is pinned, to become clear, the Lebanese currency will continue to be exposed to big pressures which have had and which will continue to have serious ramifications at the various political, economic, financial and social levels.

What decisions the government can make at present are embodied in reexaminations of the fiscal and currency policy to rebuild this policy on new bases in accordance with which the fiscal and currency authority is given broader powers and more flexibility to watch the money market and to intervene when necessary. The government entrusts the Banking Control Committee with auditing the statements of the banks and to check the currency centers available to them in Lebanese and foreign currencies; to apply the laws in force in this regard, especially the laws concerning how much foreign currency the banks are allowed to keep; to investigate some "imaginary" loan transactions between the banks; and to implement these measures in the branches of the Lebanese banks operating outside the country, since these branches are not new banks but rather extensions of the mother banks. These measures will inevitably lead to curtailing the ability of these banks to finance the speculation operations. It is also necessary to bring about a quick closing of the political and security dossier and to release the reconstruction activity so as to stir the economic cycle and revitalize the general economic situation in order to insure the flow of Arab and international aid which will be mostly in foreign currencies. All this will lead to increased production and to an increase in the national growth rate which will bolster the Lebanese pound.

It is also essential that the state regain its basic sources of revenue, in the form of customs fees and taxes which are mostly being collected nowadays for the benefit of circles other than the state. This restoration of revenues will curtail the deficit in the general budget and will encourage Lebanese exports to reduce the deficit.

Finally, it is still necessary to point out that the state must establish a policy to streamline spending, applying this policy first to the state itself, thus curtailing its useless expenditures and reducing the volume of its administrative expenditures and, consequently, the size of its internal debt which is estimated at present to be 5 billion Lebanese pounds. Moreover, it is essential that the courts concerned mete out the stiffest penalties against any natural or legal-status person proven by the ongoing judicial investigations to have any connection with the acts of speculation against the Lebanese pound and that the courts consider such act a crime of plotting against state security.

8494

CSO: 4404/12

CONFLICT BETWEEN TALAS, RIF'AT AL-ASAD DELINEATED

London AL-DUSTUR in Arabic No 341, 24 Sep 84 pp 10-13

[Article: "Cockfight Between General and Brigadier General"]

[Text] Geneva -- Rif'at al-Asad, the man who has planted horror in Syria in his capacity as President Hafiz al-Asad's brother and commander of the ill-reputed Defence Companies, has been living the life of a rich retired Arab in Geneva for the past 3 and a half months.

There has been a growing debate in Arab diplomatic circles in Geneva on the real causes behind Rif'at's stay in Switzerland and his absence from Damascus. Is Rif'at al-Asad on sick leave or is he in compulsory exile?

Has he come to Switzerland to spend a long vacation for rest or does his stay fall within the framework of a certain strategy charted by Rif'at al-Asad to achieve his ends?

Whatever the reasons behind this extraordinary stay in Switzerland, all the Arab diplomatic circles in Geneva are unanimous over one thing, namely that the "issue of Rif'at" is tantamount to a new riddle added to the other riddles with which Syrian political life abounds and added, consequently, to the riddles with which the Middle East generally abounds.

Rif'at al-Asad, who is 47 years old and who was made brigadier general and appointed vice president at the beginning of this year, arrived at Geneva Airport one morning, on 1 June 1984 specifically, from Moscow at the head of a high-level military delegation which had just concluded important talks with Soviet officials. Whereas all the Syrian delegation members left Switzerland for Damascus on the following day, Rif'at al-Asad stayed in Geneva and has used it as a place of residence for himself and his retinue which is comprised of nearly 60 persons;: his family members, his friends, his secretariat members and his aides and personal guard.

The Swiss authorities granted the Syrian vice president a diplomatic visa for 1 month in response to his wish to spend several weeks on the shores of Lake Lemman for rest and recuperation.

So far, the news is ordinary and provokes no question marks because Rif'at has been accustomed in recent years to frequent the Swiss capital to receive treatment for an earache which has frequently caused him to visit European medical specialists in Switzerland and France.

In fact, immediately upon his arrival in Geneva, Rif'at al-Asad contacted his private doctor and began to live the life of a rich Arab spending a vacation in a European country: visiting his doctor, touring the most famous shops in the company of his wife and touring Geneva's streets in the company of a friend.

It is said that Rif'at found himself once in a shop on the famous Rhone Street face to face with ('Abadia Sofer), the Israeli ambassador to France. Commenting on this incidental meeting, the Israeli ambassador said:

"We bought exactly the same necktie."

Rif'at al-Asad has settled in a villa in a Geneva suburb between Anieres and Hermance, located at a distance of 10 km from Calvin Quarter.

The villa is a large modern building with spacious rooms and is close to all the facilities. But it is not luxurious and does not compare with the neighboring villas owned by wealthy Arabs in Coligny, one of the most famous suburbs of Geneva.

However, the villa is not the property of Rif'at or of his family but is leased by the Syrian mission to the United Nations in Geneva.

But this modest villa has an important "strategic" distinction which conceals it from the eyes of pedestrians on the public road adjacent to the lake. On one side, the villa is concealed by a fence of thorny bushes and thick trees and, on the other side, vast grapevine orchards extend behind it. This makes it easy to guard the villa, guarded by 12 muscular men with long moustaches and dressed in blue sportswear.

The few foreigners who have been able to meet Rif'at al-Asad since his arrival from the Soviet Union have found him tense, pale and jittery whenever a car door is closed firmly or whenever a motorcycle passes by.

He has admitted once to one of his visitors that "Geneva is the only city where he can walk the streets and where everything is quiet." But Rif'at added quickly: "In Damascus, the situation is also calm at present."

Thus, Rif'at al-Asad spent June in utter tranquility and silence. But the situation changed suddenly at the beginning of last July.

The first incident occurred on Sunday, 1 July, in the wake of the interview which Channel 2 of French television conducted with Syrian Defense Minister Mustafa Talas, who said, among other things, that the Defense Companies had been attached to the army and that the role they played in protecting the regime has been brought to an end.

These words were interpreted to imply that Rif'at al-Asad had been deported and that his influence had diminished.

Thus, the "issue of Rif'at al-Asad" exploded openly after it had been confined to rumors which had spread in Damascus on the development of the violent struggle for the succession in Syria.

Thus, a prominent official of the Syrian regime dared for the first time to deal with Rif'at al-Asad in this manner and to cast doubts openly on his influential role in the Syrian regime.

Rif'at al-Asad did not wait long to react. On the morning of Monday, i.e., a few hours after the interview was broadcast by French television, Rif'at instructed one of his aides to contact a number of accredited foreign journalists in Geneva and to give them a statement in which he denied what Talas has said about the fate of the Defense Companies, pointing out that "the Defense Companies command had been assigned to Mu'in Nasif, his son-in-law." In other words, "don't be misled by Talas' words because the Defense Companies command is a family issue!"

Rif'at al-Asad's statement was not confined to denying the statements of the Syrian minister of defense but also contained a violent attack on Mustafa Talas whom Rif'at described as "the individual accustomed to making such irresponsible statements" and as "the irresponsible man."

Political observers were surprised by the strong accusations made by the vice president against the minister of defense at a time when Syria considers itself in a state of war.

But what drew still stronger attention from the observers is that this sort of thing has happened for the first time since Hafiz al-Asad assumed power in 1970 and the first time in which the fight of the regime's "roosters" deviates from the familiar pattern and explodes openly.

Hardly a few days had passed from this incident when Rif'at al-Asad drew attention to himself again by instructing one of his aides to make a statement announcing "the possibility of his meeting with Yasir 'Arafat" during his visit the latter was to make to Geneva to hold talks with De Guellar, the UN secretary general.

This news fell like lightning on the heads of the Arab diplomats in Geneva because should such a meeting take place, it would indicate two things:

First, that Rif'at al-Asad is still playing an important role at the diplomatic level.

Second, that signs of rapprochement between the Syrian regime and the PLO are looming on the horizon in the wake of the tension characterizing these relations since the Tripoli events at the end of 1983.

But ultimately, no meeting took place between Rif'at and 'Arafat and nobody knows so far why and who refused to meet whom.

Was Yasir 'Arafat the one who refused the meeting because he felt it contained some sort of a trap or was it Rif'at al-Asad who changed his mind at the last moment after receiving instructions from his brother Hafiz al-Asad who considered the circumstances unsuitable for reconciliation with one of his archenemies?

Shortly afterwards and during the last 2 weeks of July, some reports said that the French government had invited Rif'at Al-Asad officially to visit the French capital and that the invitation was issued to Rif'at al-Asad at the time by French Prime Minister Pierre Mauroy.

But this visit also did not take place within the planned framework because Rif'at al-Asad did not meet any French official when he visited France last August.

What is interesting about this visit is that it seems that the French invitation was not conveyed to Rif'at al-Asad directly, according to one of Rif'at's aides. Was the invitation made through the official diplomatic channel and was it blacked out in Damascus?

Nobody knows yet.

On 10 September 1984 and upon Rif'at al-Asad's return from his French trip empty-handed, another "bomb" exploded in the wake of the interview conducted by the German DER SPIEGEL with Mustafa Talas, an interview which contained a violent attack on Rif'at, without referring to him by name. But the Syrian minister of defense pointed out clearly in that interview that President Hafiz al-Asad had instructed his brother to stay outside Syria until further notice and that Rif'at had become persona non grata in Damascus at the time.

Rif'at hastened to voice his protest and to deny these statements. But contrary to the first time, he did not criticize the Syrian minister of defense this time, confining his reaction to instructing one of his aides to make a statement saying that "he will return to Syria shortly to assume his responsibilities" and that "General Talas assured him in a telephone conversation that he had not made the statements attributed to him by the French magazine."

But these words have not satisfied anybody and the "issue of Rif'at" has continued to be perplexing at more than one level.

The solution to the riddle lies perhaps in the lengthy talk which took place between Syrian Prime Minister 'Abd-al-Ra'uf al-Kasm, who visited Geneva secretly on the 8th of this month, and Rif'at al-Asad, who returned suddenly from Paris at the same time.

These are the main elements included in the "Rif'at dossier" since the start of Rif'at's stay in Geneva:

Two hostile statements made against him by Mustafa Talas, two meetings that did not take place, the first with 'Arafat and the second with French officials, and extremely important talks held between him and the Syrian envoy dispatched by his brother, President Hafiz al-Asad.

So, what is Rif'at al-Asad's future then?

What is the sound assessment of this "vacation" which has been described by a diplomat in Geneva as a "rubbery vacation?"

The assessment of the Arab diplomats in Geneva can be categorized as follows:

There are those who believe that all these developments are an indication that Rif'at's political life has ended and that the countdown for the start of the collapse of the Syrian regime may begin after a while.

These diplomats rely on the following indications in making their conclusion:

1. The longer the ouster of Rif'at from the regime lasts, the further his influence will diminish and his political weight will weaken because influence in Syria is exercised daily on the real ground. Every week Rif'at al-Asad spends away from the reins of power will result in diminishing and eroding his influence.
2. This is the first time in which a prominent official of the Syrian regime has been subjected to accusations made against him publicly by another influential official in the regime.
3. All these incidents and developments indicate that the issue of the succession to Hafiz al-Asad is still present and that the participants in the regime, including Mustafa Talas, will not at all accept a president with certain (sectarian) characteristics for a second time.
4. Hafiz al-Asad is now compelled to take all these matters into consideration. We find that this is actually what he is doing at present if we examine carefully his moves and his dealings with all the conflicting sides within the regime.

The second group of diplomats offers another assessment and is inclined to believe that Rif'at al-Asad will return to Damascus sooner or later, perhaps with less influence. But he will not lose all his importance at the political level and within the regime.

This group relies on the following indications and signs:

1. President Hafiz al-Asad will never abandon his brother, not only because of family ties but also because of the solidarity dictated to him by his group affiliation.
2. Rif'at al-Asad knows many of the regime's secrets and weak points and, consequently, cannot be treated roughly.
3. President Hafiz al-Asad is going through a difficult phase, first, because of his health condition; second, because of Syria's relative isolation in the Arab world; and, third, because of the pending issues for which he has not found a solution yet: the PLO issue, the Lebanon issue and the Iraq-Iran war.

This is Rif'at Asad's current position.

What is certain is that Rif'at is spending his 4th month in Europe and that he has not engaged in any diplomatic or political activity, excluding a courtesy visit he made to Pierre Aubert, the Swiss minister of foreign affairs, last June.

What is certain is that the number of his retinue, which amounted to nearly 100 persons last July, has now decreased, perhaps at a request of the Swiss authorities who, most likely, are aware that Rif'at al-Asad's stay will last long and who have, therefore, asked him to reduce the number of his retinue members and 3 guard to 20 persons.

Last, but not least, there are indications which give the impression that Rif'at al-Asad's star has begun to fall because when he arrived in Switzerland nearly 3.5 months ago, he was given a diplomatic visa whereas he is now living in the country on a tourist visa.

8494

CSO: 4404/34

HEALTH MINISTER DISCUSSES SHORTAGE OF PHYSICIANS, OTHER MATTERS

Tehran KEYHAN in Persian 10 Oct 84 pp 1, 22

[Interview with Dr 'Alireza Marandi; date not specified]

[Text] Shahr-e Kord - KEYHAN correspondent - During the visit by certain ministers to Chahar Mahallva Bakhtiari Province, Dr 'Alireza Marandi, the minister of health, gave an exclusive interview to our correspondent concerning the conditions of health and medical treatment in the country's villages. He said: We have a great weakness in the area of health education. Here the mass media and the clergy must be mobilized. Recently we have written a book entitled Health for Qom's Theological School which will be published soon. With the permission of His Eminence Ayatollah Al-'ozama Montazeri, this book will be taught in Qom's Theological School so that after our clerical brothers have learned the material they will be able to instruct our people, using the influence they have among the people. This book will also be used throughout the schools.

Concerning the prevention of infectious diseases, he said: Annually about 280,000 children ages five years or less die from infectious diseases throughout the country. Fortunately last year we were successful from the standpoint of vaccination of children, and resources such as automobiles and freezers were provided so that the vaccine for these diseases could be transported without damage. During the next two years children under one year of age will get vaccination coverage, which will prevent the death of children.

Concerning infectious diseases, particularly the spread of diarrhea, he added: Contagious diseases lead to the death of many of our children. In this connection, we are now producing in Iran a powdered edible serum that was previously supplied by the World Health Organization. During the next year it will be sent in sufficient quantities to the farthest points of the country to be used.

As he continued, he said: During the next two days we will take a trip to take part in a world health conference for the Eastern Mediterranean. The World Health Organization divides the globe into 6 regions, one of these being the Eastern Mediterranean. Twenty-four countries, including the Islamic Republic of Iran, will take part in the sessions.

These sessions will study health issues, this organization's cooperation with the world's countries, cooperation of countries with each other, appropriations for health, and the assistance which the World Health Organization will probably give each country.

He added: We have asked the director of these sessions to place on the agenda the chemical bombs and weapons which the Zionist Ba'thist Iraqi regime has used in its war against Iran so that the issue can be examined.

Pointing to the shortage of physicians, the minister of health stated: According to statistics recently prepared, we have about 12,000 physicians in Iran, which is out of proportion to our present population. It can be said that we have one doctor for every 3,000 persons, while some countries have one doctor for every 350 people. Our country's physician shortage is a glaring one. We have great shortages in all the areas of treatment, expertise and health. Even hospitals which were built after the victory of the Islamic revolution are at a standstill due to the lack of doctors and needed personnel.

Concerning the appropriations for '64 (spring 1985 - spring 1986), he said: Unfortunately next year's appropriations are less than the current year's.

Concerning the Policy-Making Council in the Ministry of Health, he said: The Policy-Making Council was raised in the Cabinet and approved. This council is to study all issues of health, treatment, education and medicine, and the laws and regulations pertaining to private and state physicians and the status of physicians. Certainly this issue will be studied as an important one.

Concerning attracting physicians, he said: All resources for the welfare and ... [as published] of physicians must be provided, and the people must also place resources such as housing at the disposal of the doctors. In our recent inspection of the villages we observed that teachers in the villages had left because they did not have housing. Naturally physicians also have expectations due to their education and greater experience.

He added: The Policy-Making Council must also study the issue of attracting foreign doctors. With the people's assistance, the Ministry of Health must provide resources necessary to the country's doctors so that we can make propaganda to attract foreign physicians.

Concerning the status of medicine, the minister of health said in conclusion: After the victory of the Islamic revolution, we made an effort to make domestically as much as possible of the medicine we needed. Fortunately at the present time we are supplying from within Iran two-thirds of the medicine we need.

9597

CSO: 4640/82

OFFICIALS DISCUSS OIL PRODUCTION, REQUIREMENTS

LD051547 Tehran Domestic Service in Persian 1030 GMT 5 Nov 84

[All figures as heard]

[Excerpt] Officials in charge of distributing oil products in the country, announced today that this year there will be no restrictions in production and distribution of kerosene, and gasoline in the country and they will be supplied to the agricultural, industrial and transportation sectors and to domestic consumers, in proportion to their consumption. Regarding kerosene, some 8 percent of which is used at homes, the officials said that sufficient quantities have been stored.

The manager in charge of the pipeline distribution and the communications of the National Oil company, also in an interview with our correspondent said: The country's total requirements for oil products have been estimated to be 110 million liters; and after increasing the capacity of oil refineries to 700,000 barrels, 90 million liters of the required oil products are produced in this country and the remaining 20 million liters are imported from abroad. By comparing last year's oil products distribution with this year, he said: The average distribution of gasoline in the country was 16 million liters per day last year, but the daily consumption of petrol during the past seven months has been 17 million liters and this has been supplied.

He added: The daily distribution of diesel fuel was 38 million liters in the year 62 [21 March 83 to 20 March 84], but this figure will increase to 40 million liters per day this year, out of which 35 percent will be used in the agricultural sector, 35 percent in the transportation sector, 25 percent in the industrial sector and power stations and five percent for heating homes and domestic purposes.

About increasing the kerosene ration in the country, he said: 8 billion liters of kerosene has been allocated for the current year [ending 25 March 85]; and about 4.5 billion liters of it will be distributed in the next 5 months. Out of this figure, 80 percent has been allocated for domestic fuel and the remaining 20 percent for use in craft and industrial units.

CSO: 4640/108

CHIEF OF STAFF COMPLAINS ABOUT MILITARY PAY

London AL-DUSTUR in Arabic No 342, 1 Oct 84 p 22

/Text of a letter written by Colonel 'Ali Shirazi to the Iranian minister of defense/

/Text/ After the three messages I sent you--No 88/06/717 dated 6 September 1983, No 209/06/1600 dated 10 January 1984, and No 180/2/06/717 dated 11 January 1984--I should like to draw your attention to the following:

- (1) The minister of defense received many reports during the last 4 years concerning the pay of the armed forces. These legitimate demands were sent through established official channels and either studied by the national organizations for the administration of recruitment and by the Ministry of Finance and Economic Affairs or rejected by the government or parliamentary committees. In some cases they were not even discussed by the Defense Council.
- (2) Although the popular Iranian newspapers have headlined news about the money paid monthly to employees for overtime work, amounts equal to half their monthly salaries (cf. ETTELA'AT of 20 June 1984), no decision has been reached, in 4 years, on the extra hours worked by the armed forces. According to the information that has reached me, this matter has not been taken up by the organizations and committees mentioned above.
- (3) The deteriorating condition of the armed forces, its complaints and dissatisfaction were discussed at two meetings of the Defense Council, on 30 April 1984 and 5 May 1984. The main problem, I believe, is the poor pay of members of the armed forces, whether on active duty or retired, because of the high cost of living. The conclusions reached at these two meetings have not yet been disclosed.
- (4) Enclosed with this letter is an envelope containing 15 pages of the texts of letters written by members of the ground forces on their low pay and failure to enjoy certain privileges.

A glance at these reports is sufficient to reveal the depth of the degrading poverty in which the members of the armed forces are living, whether they are on active duty or retired, because of high prices. The latter have made them unable to provide their families with even the basic necessities. The result is low morale, temporary evasion of military service or leaving it in various ways either by resignation, expulsion, or early retirement. Another result is that the educated youth are fleeing from military service and refusing to join the army.

(5) The degrading poverty now suffered by active members of the armed forces and retirees and likely to be suffered by future retirees was mentioned more than once in the many reports submitted to the authorities concerned.

Members of the armed forces have complained of this more than once, especially when their situation is compared with that of the other "revolutionary organizations" like the Revolutionary Guard who enjoy special privileges with respect to housing, pay and benefits. This is an addition to the privileges they receive from the other ministries, revolutionary institutions, educational institutions and all the official agencies.

This unequal treatment has given the families of servicemen the impression that the authorities are indifferent to those who sacrificed what is most precious and valuable to them during the 4 years of the war to defend their country and the Islamic republic. They even refuse to pay for the extra hours spent by the men in performing their duty in emergency situations, although this compensation would lighten their burden.

In view of this situation, the armed forces are inclined to believe that their legitimate demands have been ignored.

(6) Based on all this evidence and because the desired measures are within the competence of the minister of defense, I request that all urgent and necessary steps be taken to have the matter discussed in the Supreme Defense Council and a definite decision made to satisfy at once the legitimate demands of the servicemen and their families.

We hope you will inform us of your decision so that we can communicate it to the armed forces.

Chief of the Joint General Staff,

Islamic Republic of Iran

No 36/06/796, 10 July 1984

5214

CSO: 4604/9

DEFECTOR INTERVIEWED ON MILITARY, POLITICAL ISSUES

London AL-DUSTUR in Arabic No 342, 1 Oct 84 pp 20-22

/Interview with Captain Hamid Zirakbash by Kamal Samari; London, date not specified/

/Text/ Iranian Captain Hamid Zirakbash, a liaison officer between Iranian ground and air forces, fled from Iran 18 months ago on an Iranian military plane and then joined the National Iranian Resistance Council. He was appointed by the council to maintain contact with the Iranian Army. AL-DUSTUR met and interviewed him in London on the situation within the Iranian Army and within the Iranian Resistance, which is now campaigning inside Iran against a continuation of the war.

/Question/ How do you assess the current situation within the Iranian Army and what are the real reasons for the postponement of the Iranian offensive?

/Answer/ According to our information, there are many reasons for the delay, including the shrinking number of volunteers despite all the pressures applied to attract and recruit them.

There is also a decline in the number of qualified officers as well as a shortage of planes and spare parts. The result is that army morale is now very low, which naturally is due to the factors I just mentioned. This is the first point. Second, because the Iranian Army suffered enormous casualties during the last 2 years whenever it was asked to launch many senseless attacks like those against Basra, Mandali, Panjvin, etc. One of the great difficulties now is that the Iranian forces which tried and failed to break through everywhere has so far not found a single gap it can break through. Almost half of the forces are stationed in the south where they are distributed over a line 120 kilometers long.

There are, naturally, the economic difficulties in which Iran is floundering because of the low oil production. They also played a part in delaying the offensive.

However, the main factor, in my opinion, is the lack of a carefully thoughtout plan for the offensive.

/Question/ When you say there is no plan for the offensive, do you mean the absence of a strategy or the nonexistence of new military objectives?

/Answer/ The Iranian forces failed in all their previous attempts and offensives. They know, for example, that the city of Basra is difficult to take and that any new attack would require careful preparation and adequate equipment and trained troops. But even if these conditions were met, the Iranian forces do not have now enough competent officers to direct such an attack. These children, none of whom is more than 15 years old, are, of course, incapable of taking their place, organizing the attack, and flying the planes!

/Question/ But if the situation continues this way, how can the regime survive? Will it concern itself mostly with the domestic situation, as suggested by the recent measures taken in the interests of the "bazaar" and merchants?

/Answer/ These measures and the talk of widespread corruption and immorality that you hear from time to time cannot obscure the reality. There are now 125,000 Iranians in prison, 40,000 have been executed, and millions are refugees and homeless.

Be that as it may, the sympathy shown the bazaar by the regime is in fact further evidence of the extent of its weakness and its desperate attempt to win over some Iranians and seduce them with privileges.

/Question/ You mentioned the bazaar to call attention to the role that it played in the history of both ancient and modern Iran. But my question is: If the position of the Iranian Army is as you described it, why is the army now operating on the Iraqi borders?

/Answer/ The regime is now preparing for a new offensive. Rafsanjani indicated this in recent weeks when he referred to a new group of Revolutionary Guards that the regime sent to the front to strengthen it.

/Question/ What is the position of the military command toward the present situation?

/Answer/ What now remains of the hapless military commanders is compelled to remain at the front. There are parallel forces that watch them.

The military commanders do not have sole control over the Iranian troops. They do not have absolute power to undertake any initiative without first taking it up with the parallel organizations which receive their orders directly from the minister of defense. It is

both laughable and sad that we are the only country in the world that has two ministries of defense--a ministry of the "Revolutionary Guard" and a fictitious ministry for the regular armed forces. The commander in chief of the ground, naval and air forces is Khomeyni and everything is referred back to him for consideration either directly or through the "Revolutionary Guard" organizations.

/Question/ If this is indeed the position of the regular forces, why is the regime buying all these quantities of arms when there is no army capable of using them?

/Answer/ To try to compensate for all the other weaknesses of the Iranian Army because if it did not do so, it would mean that the regime is facing defeat. The supply of arms creates at least the impression that the regime is thinking of continuing the war and launching the final offensive. It has to do that because if it did not buy arms, it would be acknowledging failure and its end--which is what the regime rejects.

I believe in view of the reasons I cited that this new military equipment will not alter the balance between the forces or enable the Iranian troops to break through the Iraqi defense lines, say in Basra. How can they cross the water?

/Question/ In that case, what is the solution as long as the Iranian regime rejects a political solution?

/Answer/ The statements of Iranian officials were marked during the last 5 years by volatility and inconsistency, some of them give the impression of being moderate, but in reality they are designed for foreign consumption and to deceive world public opinion.

The true Iranian political intention was expressed 2 weeks ago by Rafsanjani when he said in a Friday sermon: "We did not accept the Iraqi regime from the beginning and our goal is to punish it, and we will not rest until it is overthrown. We will use chemical weapons in the future if the war lasts too long in order to achieve our goal."

Last week President Khamene'i made a similar statement: "Our war aim is to put an end to the Saddam Husayn regime."

Such words expose the true intentions of this regime and even talk of a "diplomatic solution" also aims at achieving the objective frustrated by the war, that is, the attempt to overthrow the Iraqi regime.

The regime is now continuing its campaign to mobilize children, bring them to military barracks and train them for the offensive. This regime needs a military victory, even an incomplete one. We know they are preparing to attack despite all the conflicting statements.

/Question/ But do you not think there are some new factors beginning to merge in the region following the unification agreement between Libya and Morocco, which will eventually affect the Iranian regime's policy?

/Answer/ The Iranian regime needs the support of Libyan and Syria and I do not think it has undertaken or will not undertake, to attack al-Qadhdhafi.

/Question/ What is the status of the Popular Resistance in Iran?

/Answer/ The Popular Resistance is intensifying day by day. It is now busy preparing to mount a campaign against the war called the "Against War and For Peace Week."

This campaign began a week ago in the military barracks. It found visual expression in the distribution of 600,000 leaflets calling for an end to the war and the overthrow of Khomeyni.

Thousands of leaflets were distributed inside the barracks and the pictures of Khomeyni were torn down in the Nazheh army Base in Hamadan, offices of the war industries in Tehran, "G" barracks in Tehran, barracks of the 16th Armored Division in Qazvin, inside the air base in Tabriz, inside the officers quarters in Ahvaz, and in Military Hospital No 501. Also 50 military vehicles were destroyed and 6 members of the Revolutionary Guard killed. In Isfahan, Ahvaz, Tehran and Shiraz, it prompted the military commanders to declare a state of extreme emergency, tighten control, set up roadblocks, and step up a search campaign. The same thing led them to illuminate the Nazheh air base all night with floodlights and order the Revolutionary Guard patrols to be more alert.

The Iranian officials were alarmed by this antiwar campaign because the war is their only means of retaining power, as Rafsanjani said in commenting on the campaign: "The hypocrites are trying to pressure the Islamic republic to end the war, but their pressure will be just as futile as the pressure exerted on us by the entire world.

The Iranian minister of the interior declared on the same day: "It would be more appropriate to call their antiwar week the 'Support Saddam Husayn Week' because their antiwar protest is in fact direct support of the Iraqi president. They seem to have actually begun the campaign, but they will never benefit from it."

The memorandum sent from air force headquarters to all the air bases also contained a stiff warning, ordering all airmen and officers to inform the "Arshad" groups of any suspicious actions by "the hypocrites" under penalty of severe punishment if they fail to do so.

However, despite all this, the campaign goes on and the Popular Resistance continues to intensify regardless of the thousands of executions.

/Question/ But the Popular Resistance is not limited to the Mojahedin-e Khalq organization?

/Answer/ There is the Kurdistan Democratic Party which leads the resistance in Kurdistan.

/Question/ What about Tudeh and other Iranian organizations?

/Answer/ The regime finished off the Communist Party and what remains of it now cooperates with it. As for those who claim to have support within the army, why have we not heard anything about them and why have they not done anything?

/Question/ There have been many hijackings of Iranian airplanes, 40 by now. How is this possible?

/Answer/ These operations demonstrate that the situation in Iran has deteriorated to the point where every Iranian is eager to be on a plane that is to be hijacked and gain his freedom if only for a week.

But although I understand the personal motives behind the hijackings, I still am critical of those who planned them because they did not make clear-cut and specific demands. All they did was escape from hell.

/Question/ There has been much talk in recent months of Madani. How do you assess his initiatives?

/Answer/ You hear noise but see nothing. Be that as it may, Khomeyni will not accept him even though he supported and acknowledged him as a leader in what he called the Islamic republic.

Madani and the like cannot be compared with other victims provided by the Iranian popular resistance. Do you think that 40,000 Iranians who died as martyrs did so for the sake of "peace" with a bloody regime that took away the people's freedom, tortured their children, and spread terror and fanaticism in Iranian society. This popular Iranian resistance has played a major role up to now in thwarting the regime's plans. The regime itself admitted that the resistance has lined up 7,000 of its best cadres.

/Question/ As an army officer familiar with the types of Iranian military equipment, what is your view on the relations between Tehran and Tel Aviv, especially those concerning arms?

/Answer/ Israel is still supplying Iran with equipment through a third party even after the scandal of the regime's relations with the Zionist entity exploded.

The relations with Israel have reflected negatively on the regime's credibility and its claims regarding the liberation of Jerusalem and combating Israel.

Israel is not the only one supplying arms. There is South Africa, too.

/Question/ What types of arms are they?

/Answer/ Spare parts, missiles, and light and heavy weapons. Thirty-three countries now sell arms to Iran and Iranian military missions keep visiting these countries to obtain new arms. The important thing, however, is that the regime is still buying arms from Israel at a time when it claims it is fighting Israel. Syria, too, is supplying arms.

All these arms will be used in the offensive that the regime will soon order and at the first opportunity it has to do so. Up to now a shortage of equipment and the escalation of the peace campaign inside Iran have been the two factors responsible for the postponement of the offensive, but it will soon be launched, according to the information that has reached me from the front where about 70,000 to 80,000 soldiers and volunteers are stationed, about 40 percent of whom are regular army men and the rest volunteers. There are about 120,000 troops distributed over the entire front.

/Question/ What is the present situation on Kharg Island?

/Answer/ This is a good question because it gives me an opportunity to explain how weak the Iranian regime is. Kharg Island is the beating heart of the regime with the oil installations that produce the funds needed to continue the war and achieve other goals. It has therefore sent to the island its ablest officers, newest weapons and remaining F-14's. Seventy planes are now based on the island. In addition, there are the most modern frigates and a variety of missiles. But despite all these efforts to strengthen their position and all the new equipment, the Iranian defense of the island remains weak, as evidenced by the fact that Iraqi planes are continuing their destruction and bombing oil tankers and that oil production has declined markedly.

5214
CSO: 4604/9

HEAD OF PARIS-BASED IRANIAN WOMEN'S ORGANIZATION INTERVIEWED

London AL-TADAMUN in Arabic No 75, 15 Sep 84 pp 79-80

/Interview with Layla Mu'ayyan, president of Iranian Women's Rights Committee, by Wahidah al-Miqdadi; in Paris, date not specified/

/Text/ In April 1980 the first Iranian women's organization was formed in exile (France) in opposition to the regime of the Ayatollah Khomeyni. It is the Committee to Defend the Rights of Iranian Women, which is headed by Layla Mu'ayyan. One of the most prominent acts of this committee was the formation of a peace committee including representatives of the women of both Iraq and Iran for the purpose of devoting their efforts to bringing an end to the Iraqi-Iranian war.

AL-TADAMUN interviewed Layla Mu'ayyan in Paris and spoke with her about the nature and goals of the organization which she heads and about the circumstances of Iranian women and the efforts pursued by the peace committee.

/Question/ Could we discuss the circumstances which led to the founding of the Committee to Defend the Rights of Iranian Women, and the relationship of this founding to the circumstances of women in Iran?

/Answer/ We are in fact two organizations or two groups linked in a time sequence. After the Iranian revolution in April 1979, the Society of Progressive Women was formed in June of the same year in Teheran with the goal of securing and strengthening the rights of Iranian women who participated in the revolution and sacrificed their blood to bring down the shah's regime. However, this group faced many difficulties as a result of the positions of the new regime toward women, which were revealed in the early months of the revolution. Many Iranian women found that they were forced to leave the country. These women, and I am among them, proposed the establishment of a new organization for Iranian women in exile in April 1980, and it is the Committee to Defend the Rights of Iranian Women, which is now run from Paris. The original organization still exists in Iran and pursues its activities, in spite of conditions of intimidation and oppression.

/Question/ What kind of activities does the committee pursue within Iran, and how can it pursue its work when it is going against the current regime?

/Answer/ We in Paris are in firm contact with our organization in Iran. Naturally, the work of the committee within Iran is surrounded by great difficulties. Conferences and meetings can only be held in secret. A meeting of four or five people is enough to arouse suspicion. However, what we are trying to do is to offer the greatest aid to Iranian women, such as providing financial assistance to wives of prisoners. We are also trying to raise their educational and cultural level.

/Question/ What is the percentage of illiteracy among Iranian women?

/Answer/ You know that in a developing country such as ours, it is difficult to find accurate statistics on this matter. In the time of the shah, we were told that the percentage of illiteracy was only 65 percent, but I believe that the true percentage is far greater than that. Illiteracy is more widespread among women than among men, and I believe that it is no less than 75 percent.

/Question/ Going back to the circumstances of the founding of your organization, how did the women's movement come to join in this early form of action against the new regime, after its first days?

/Answer/ All Iranians, women among them, placed all of their hopes in the revolution and expected a great deal from the new regime. However, all of its statements, decisions and actions were just the opposite. For example, they began to put up pictures of Khomeyni everywhere, and this is against our religion. Then they started to attack women and forced them to wear the "chador." I was in Iran at that time, and we organized a large protest against the decision to impose "chador."

/Question/ Did Iranian women have an organization to protect their rights before the revolution?

/Answer/ In the time of the shah, there was an organization for women headed by his sister, Princess Ashraf, but in my opinion she did not represent the true face of Iranian women, and it was only a skeleton or propaganda organization. After the revolution the Khomeyni regime took control of this organization, but for our party we never accepted it, either in the time of the shah or after, because it is against our principles and our goals.

/Question/ Could you tell us your thoughts on solutions to the issue of women in Iran?

/Answer/ The basic problem now facing Iranian women is that the regime is trying to remove them from their role of participating in the development of society by placing them outside it. It is natural that women in Western societies should have more opportunities before them than women in developing and Islamic societies. We must be aware of this point, or we will make mistakes. However, at the same time, a religious regime cannot reject women, because that would harm society in general. What we want is to have women represented in all social organizations and all centers of decisionmaking. If they fail after that in establishing their presence and their qualifications, then that is their responsibility.

/Question/ Are Iranian women represented in Parliament or the advisory council?

/Answer/ We are indeed discussing a society in which everything causes astonishment and bewilderment. Yes, Iranian women are represented on the council. However, who are those women? They are a group chosen by the regime and not by popular vote. We want the presence of Iranian women on the council to be real and not just a cover.

/Question/ Do Iranian women enjoy the right to vote in elections?

/Answer/ Iranian women have had this right since the time of the shah, and it is the only thing which the regime has not taken from them.

/Question/ Why?

/Answer/ Because the regime knows in advance that this right will not give women an opportunity to enter Parliament. The widespread illiteracy among women comes between them and the realization of the importance of participating in political life. As I said, the basic problem facing us is to raise the educational level and eliminate illiteracy among women so that they see their role in society.

/Question/ Permit me to make an observation. We in the Western capitals see a different type of Iranian woman than the one you describe, and it does not seem to be consistent with the situation you have set forth. What is the ratio of this type, and do these women reflect the true face of Iranian women?

/Answer/ Fortunately, the type which you see in the Western capitals does not represent Iranian women. These women are from the minority who had influence in the time of the shah and left the country after they sensed danger. They are not connected with the nationalist cause of their country, and for our part, we refuse to cooperate with them in any way. We are concerned about the oppressed Iranian women in Iran who suffer from poverty, ignorance, and absence of the husband and relatives, whether in the time of the shah or in the shadow of the current regime. We have statistics confirming that there are at least 5,000 female prisoners in the cellars of the prisons suffering from forms of torture. Iranian women participated in the actual struggle to overthrow the shah's regime, and many women fell as martyrs. After the revolution succeeded they harvested its fruits. They were divested of the right of political participation and were forced to wear the "chador" and remain at home.

/Question/ Is there any coordination between you and Iranian opposition groups opposing the regime?

/Answer/ I am absolutely opposed to the term "opposition" for these groups. The question to ask is, are they indeed opposition groups in the view of the Iranian people at home?

It is easy to apply the term "opposition" to those who are living abroad. Everyone is singing the praises of the organization "Mujahid-e Khalq," saying that they hold many democratic values, but their positions with regard to women

are not all acceptable to us because they do not believe in equality between men and women. The second question is that we cannot accept another religious regime in Iran, which is what the Mujahid-e Khalq want. They are now raising their Marxist slogans day after day. For our part, we are not Marxists, and we are not communists. It is true that the left provides many rights to women, but we cannot imagine being Marxists, and we do not accept a religious regime.

On the right there are the monarchists, who are calling for the shah's son. We believe that monarchy is over for Iran, and if it returned, corruption and anarchy would return with it. Acceptance of the return of the shah's regime constitutes an insult to us.

/Question/ In recent statements, quoted in AL-TADAMUN, the shah's son presented constitutional monarchy as an alternative regime in Iran, and he cited the success of this experiment in Spain. What is your opinion of his theses?

/Answer/ My comment on it is that it is the shah's youngest son who proposes a regime for Iran, and he is politically inexperienced, but if the Iranian people approved of him then we would add our vote for him. With respect to the constitution, the Iranians obtained it in 1907, but it was not respected during the shah's regime. Who would guarantee us that the shah's son would respect the constitution this time?

As for the "Shahpur Bakhtiyar" group, I believe that Bakhtiyar committed a serious mistake when he joined the ranks of those calling for the return of the monarchy to Iran. Bakhtiyar spent 35 years in attacking the imperial regime, and calling for its equivalent is a surprising change in his position.

/Question/ Since you do not agree with the opposition on the left or the right, what do you see for the political future of Iran?

/Answer/ I believe that only the Iranians in Iran have the right to chart the future of Iran.

/Question/ What is the true nature of the role of men of religion in Iran, and must they participate in the regime if a new one is established?

/Answer/ Iran is a Muslim country. Men of religion have enjoyed influence since the time of the shah, since they have money and power. Indeed, the shah was the one who strengthened the supports of men of religion, since when he came to power there were no more than 5,000 of them, and when he departed there were 150,000.

The experience of the Iranians with the shah and with the religious regime in the era of Khomeyni leaves no room for doubt that these two regimes are unsuitable for Iranian society. We believe that the role of men of religion must be confined to the mosques.

/Question/ What efforts are you exerting to achieve peace between Iraq and Iran?

/Answer/ We are the first group which attempted to talk about peace between Iraq and Iran. We formed a peace committee with the General Federation of Iraqi Women under the chairmanship of Mrs Manal Yunis al-Alusi in Paris about 18 months ago. We were also invited to visit Iraq, and during the visit we looked for families of Iranian children.

I remember that after this peace committee was formed we organized a peace demonstration in Iran, and far more Iranian women than we had anticipated took part in these demonstrations.

/Question/ What point has the peace committee reached today, and what is happening with its efforts?

/Answer/ Unfortunately, we have faced some obstacles, especially the difficulty of meeting with Iraqi women in France because there are so few of them here. We feel that our efforts always may succeed as long as we agree on our concept of the future. We will not talk about who started the war. Although we have not held regular meetings, the committee does exist, and we will succeed in calling for stopping the death, destruction and devastation.

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BRIEFS

JERUSALEM UNIVERSITY CONCEIVED--Qom--A meeting of the board of trustees of the Imam Sadeq University was held, chaired by Ayatollah Al-'ozama Montazeri, and attended by Ayatollah Meshkini, Ayatollah Mehdavi-Kani, university president, and Hojjat ol-Eslam va ol-Moslemin Emami-Kashani. Various issues relating to the university were discussed. The meeting began with a report by the board's secretary on the plans for the Imam Sadeq University now under implementation relating to the founding of new classes, the instructional programs for the coming year, and gaining more university funds from charitable persons and the university's economic group. Then the recent proposal by His Eminence Ayatollah Al-'ozama Montazeri for Iran's universities to form Islamic culture classes for the Palestinian brothers was raised. These classes would be organized simultaneously with the execution of the plan to expel usurping Israel from the United Nations, which is being pursued by the Islamic Republic of Iran. There was discussion of existing difficulties and the means of starting this task by founding a "Qods" College under the supervision of Imam Sadeq University. Then His Eminence Ayatollah Al-'ozama Montazeri, while expressed his appreciation of the university's boards of trustees and directors, stated: It is appropriate that simultaneously with the pursuit of the plan to expel Israel from the United Nations, we think of our Palestinian brothers and adopt an arrangement to give interested Palestinian youths greater knowledge of religious culture and Islam's truths, and that a "Qods" college be founded to replace the materialistic and atheistic schools of the East and West. Through the full cooperation of the government and the esteemed officials of Imam Sadeq University, these important actions will be taken. It was decided that in later sessions a final decision would be made on this issue and the nature of government cooperation. According to the same report, during the past few days the Friday prayer leaders of Maymah, Rezvanshahr, and Najafabad, Ayatollah Al-'ozama's representative in Shahid Beheshti University, and the Majlis representatives from Rahhormoz, Urumiyeh, Salmas, Nagdeh and Miandoab met separately with His Eminence Ayatollah Al-'ozama Montazeri. [Text] [Tehran KEYHAN in Persian 13 Oct 84 p 22] 9597

PORTS EXPANSION PLANNED--Bushhr--A plan to expand the loading and unloading facilities in the ports of Deylam and Gonaveh in Bushehr Province has begun, using one billion rials of credit. It is expected that by the end of the current year when these plans are operational, the two ports will be among the province's first-class ones. In an interview with IRNA, the general director of Bushehr Province Ports and Shipping announced the above facts, and said: Operations to expand the jetty and a plan to build a coast wall in Bushehr harbor are also underway, costing 570 million rials. The Plan and Budget Organization

has also allocated 650 million rials to widen the roads around the port, and this work is now underway. Pointing to other activities of the port office, he stated: A dry-dock and wet-dock costing 80 million rials are now operational, with most repairs to tugboats, vehicles and harbor equipment taking place in them. Furthermore guiding lights and devices have been installed in the province's coastal waters to improve navigation. The general director of ports and shipping announced that Bushehr will become one of the largest and most active ports in the country's south during the next five years, and said: This head office has purchased one of the world's most modern dredging ships, and after a part from the country manufacturing it has been delivered it will be transported to Bushehr port. He then pointed out that 900,000 tons of goods had been loaded and unloaded in the first six months of the current year. Regarding the plan to expand the yard, dock and storehouses in Bushehr, he said: The state has allocated one billion rials credit to accomplish this work this year, and the operations will begin as soon as the houses around the port have been purchased. [Text] [Tehran KEYHAN in Persian 11 Oct 84 p 3] 9597

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